

**ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF LE MARS, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009**

Prepared by the  
Finance Department  
Bill Cole, Finance Director

**CITY OF LE MARS, IOWA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2009  
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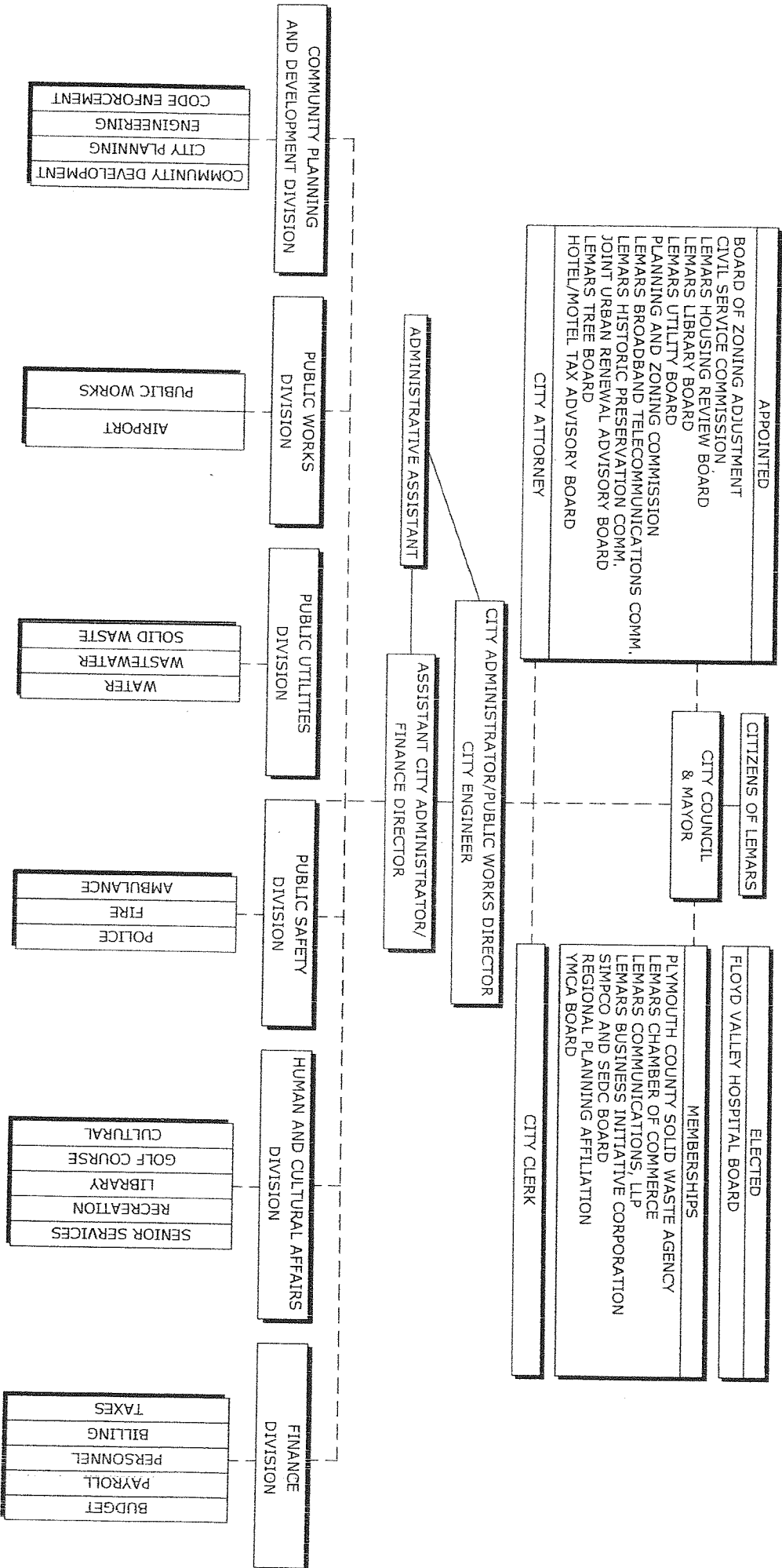
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# APPENDIX B CITY OF LEMARS, IOWA ORGANIZATIONAL CHART



# CITY OF LE MARS

## List of Principal Officials June 30, 2009

Title	Name
Mayor .....	Dick Kirchoff
Council Member and Mayor Pro-Tem .....	Rex Knapp
Council Member .....	John Leonard
Council Member .....	Delana Ihrke
Council Member .....	Kenneth Nelson
Council Member .....	John Rexwinkel
City Clerk/Treasurer .....	Beverly Langel
City Attorney .....	Joseph Flannery
City Administrator/Public Works Director/City Engineer .....	Scott Langel
Assistant City Administrator/Finance Director .....	Bill Cole
Code Enforcement Officer .....	Jason Vacura
Chief of Police .....	Stuart Dekkenga
Fire Chief .....	Wayne Schipper
Wastewater Superintendent .....	Ron Kayser
Assistant Wastewater Superintendent .....	William Morgan
Water Superintendent .....	Gayle Sitzmann
Water Treatment Plant Operator .....	Jim Conley
Ambulance Director .....	Bill Rosacker
Golf Course Manager .....	Doug Schultz
Library Director .....	Susan Kroesch
Airport Manager .....	Earl Draayer
Public Works Supervisor .....	Steve Hansen
Assistant Public Works Superintendent .....	Brad Eppling



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Le Mars, IA 51031  
Phone (712) 546-7801  
Fax (712) 546-6543

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council  
City of Le Mars, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Le Mars, Iowa, (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of Floyd Valley Municipal Hospital (a discretely presented component unit), which statements reflect total assets of \$26,159,341 as of June 30, 2009, and total operating revenues of \$23,621,091 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Floyd Valley Municipal Hospital, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated

March 10, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, Schedule of Funding Progress and budgetary comparison information are not required parts of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary statistical information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Le Mars, Iowa. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
March 10, 2010

## Management Discussion and Analysis

June 30, 2009

This discussion and analysis of the City of Le Mars financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2009. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in the City's financial statements that follow this report, as well as the separately issued financial statements of Floyd Valley Hospital, a discretely presented component unit of the City.

### Financial Highlights:

- The assets of the City of Le Mars exceeded liabilities at June 30, 2009, by \$42,053,832. Of this amount, \$3,567,428 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$2,262,216 during the year. Of this amount, the assets of our Governmental Activities decreased \$236,013 and the assets of our Business Activities increased \$2,498,229.
- The largest factor in the increase in net assets was the amount by which capital outlays exceeded depreciation in the current period. In fiscal year 2009, that excess was \$175,000.

The City's General Obligation debt decreased by \$1,365,000 during FY'09, making the General Obligation debt \$12,489,000 at year end. This decrease is the result of the annual amortization of the City debt and the fact that no new General Obligation debt was issued in FY '09. The City Revenue Bond debt decreased by \$735,000 during FY '09, making the Revenue Bond debt \$13,279,000 at year end. This decrease is a result of the annual amortization of the debt and the fact that the City issued no new Revenue Bond debt in FY '09.

## OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

## REPORTING THE CITY AS A WHOLE

### The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is *"Is the City of Le Mars in a better financial position at the end of this fiscal year, compared to last year?"* The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answers this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector companies. These two statements report the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is

improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works and Parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Water, Sewer, Solid Waste, Storm Sewer and Golf Course funds.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as Sales Tax Revenues). The City has the following types of funds:

- **Governmental Funds** – Most of the City's basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government-wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

## THE CITY AS TRUSTEE

### Reporting the City's Fiduciary Responsibilities

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary Funds statements.

## THE CITY AS A WHOLE

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparison chart show the changes in net assets for the years ended June 30, 2009 and 2008.

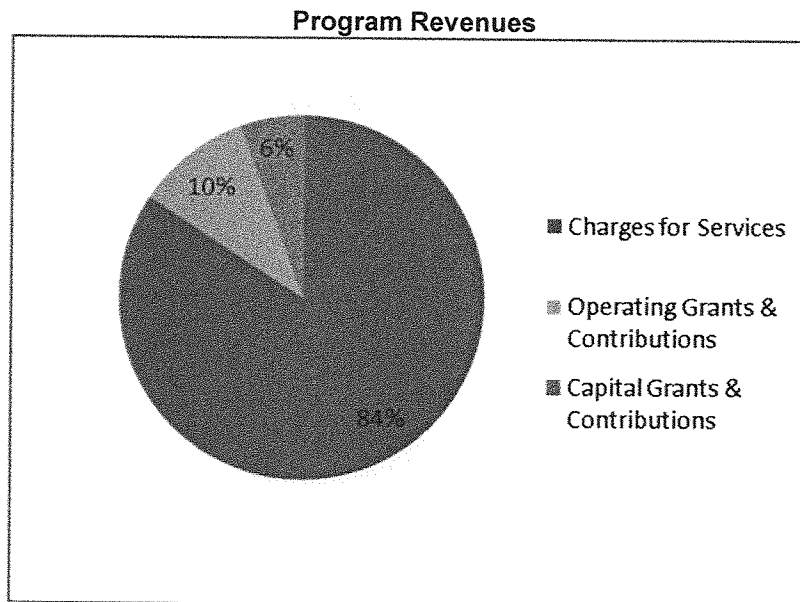
	General Governmental Activities		Business Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 13,141,771	\$ 13,666,680	\$ 4,514,834	\$ 1,761,432	\$17,656,605	\$15,428,112
Capital Assets	27,400,685	27,495,455	33,373,708	34,452,955	60,774,393	61,948,410
Total Assets	40,542,456	41,162,135	37,888,542	36,214,387	78,430,998	77,376,522
Long-Term Liabilities						
Outstanding	11,914,440	13,217,518	14,864,823	15,730,421	26,779,263	28,947,939
Other Liabilities	9,401,275	8,481,864	196,628	155,104	9,597,903	8,636,968
Total Liabilities	21,315,715	21,699,382	15,061,451	15,885,525	36,377,166	37,584,907
Net Assets:						
Invested in Capital Assets, Net of Related Debt	17,690,685	16,631,540	18,664,708	19,026,486	36,355,393	35,658,026
Restricted	2,131,011	165,711	-	-	2,131,011	165,711
Unrestricted	(594,955)	2,665,503	4,162,383	1,302,376	3,567,428	3,967,879
Total Net Assets	\$19,226,741	\$19,462,754	\$22,827,091	\$20,328,862	\$42,053,832	\$39,791,615

This summary reflects a decrease of total net assets of 1.21% for the governmental activities and an increase of 12.29% in the business-type activities.

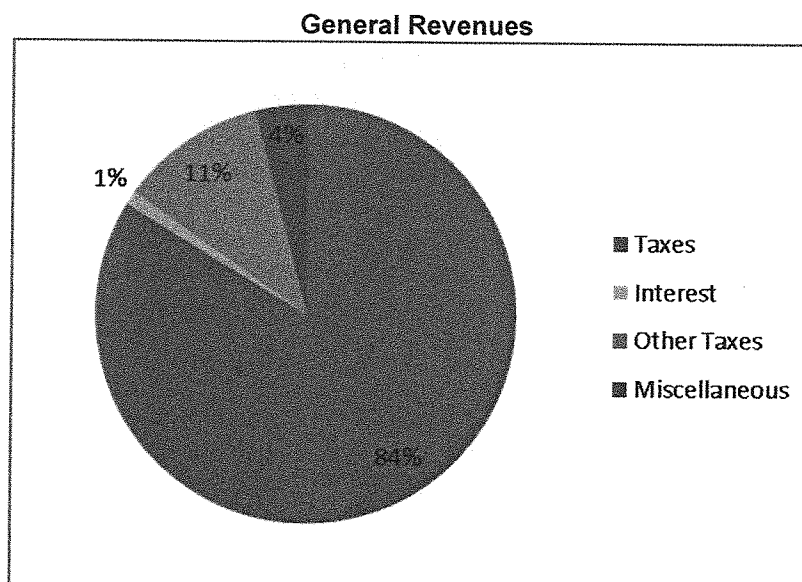
Total revenue reported in Fiscal 2009 was \$17,170,509. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2009 and 2008:

Revenue Source	General Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
<b>Program Revenues:</b>						
Charges for Services	\$ 1,860,590	\$ 1,828,809	\$ 4,910,518	\$4,870,147	\$ 6,771,108	\$6,698,956
Operating Grants and Contributions	818,537	827,334	-	-	818,537	827,334
Capital Grants and Contributions	430,106	821,495	20,000	\$40,000	450,106	861,495
<b>Total Program Revenues</b>	<b>3,109,233</b>	<b>3,477,638</b>	<b>4,930,518</b>	<b>\$4,910,147</b>	<b>8,039,751</b>	<b>8,387,785</b>
<b>General Revenues &amp; Interfund Transfers:</b>						
Property Taxes	7,641,326	6,862,018	-	-	7,641,326	6,862,018
Other Taxes	-	106,520	-	-	-	106,520
Local Option Sales Tax	906,350	859,023	-	-	906,350	859,023
Hotel/Motel Taxes	113,634	124,846	-	-	113,634	124,846
Interest	83,302	86,497	11,498	12,576	94,800	99,073
Revenue from Use of Property	-	-	88,908	74,240	88,908	74,240
Gain on Sales of Assets	57,112	79,124	-	-	57,112	79,124
Miscellaneous	209,777	573,605	18,851	27,686	228,628	601,291
<b>Total General Revenues</b>	<b>9,011,501</b>	<b>8,691,633</b>	<b>119,257</b>	<b>114,502</b>	<b>9,130,758</b>	<b>8,806,135</b>
<b>Interfund Transfers</b>	<b>(2,732,424)</b>	<b>170,279</b>	<b>2,732,424</b>	<b>(170,279)</b>	<b>-</b>	<b>-</b>
<b>Total Revenues &amp; Interfund Transfers</b>	<b>\$ 9,388,310</b>	<b>\$12,339,550</b>	<b>\$ 7,782,199</b>	<b>\$4,854,370</b>	<b>\$ 17,170,509</b>	<b>\$17,193,920</b>

Program revenues totaled \$8,039,751 for fiscal year 2009. Governmental Activities provided \$3,109,233 and Business-Type Activities provided \$4,930,518. Revenue collected for Charges for Services during fiscal year 2009 was \$6,771,108, accounting for 84% of the total program revenues. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2009 totaled \$9,130,758. Governmental Activities provided \$9,011,501 and Business-Type Activities provided \$119,257. Property Tax Revenues for fiscal year 2009 totaled \$7,641,326, accounting for 84% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for Fiscal 2009 totaled \$14,908,293. Expenses for General Governmental Activities totaled \$9,624,323, accounting for 65% of total expenses. Business-Type Activity expenses totaled \$5,283,970, for 35% of the total.

The following table shows total expenses by Function/Program for FY 2009 and FY 2008:

General Governmental Activities Program Level	General Governmental Activities		Business-Type		Totals	
	2009	2008	2009	2008	2009	2008
Public Safety	\$2,171,863	\$2,261,027	\$ -	\$ -	\$2,171,863	\$2,261,027
Public Works	2,311,816	2,156,268	-	-	2,311,816	2,156,268
Culture and Recreation	1,698,095	1,842,136	-	-	1,698,095	1,842,136
Community and Economic Development	867,201	855,377	-	-	867,201	855,377
General Government	2,060,713	1,934,766	-	-	2,060,713	1,934,766
Debt Service	514,635	529,867	-	-	514,635	529,867
Sewer System	-	-	2,535,519	2,446,095	2,535,519	2,446,095
Water System	-	-	1,795,038	1,684,466	1,795,038	1,684,466
Solid Waste	-	-	540,037	540,885	540,037	540,885
Golf Course	-	-	407,326	378,970	407,326	378,970
Storm Sewer	-	-	6,050	2,860	6,050	2,860
<b>Total Expenses</b>	<b>\$9,624,323</b>	<b>\$9,579,441</b>	<b>\$5,283,970</b>	<b>\$5,053,276</b>	<b>\$14,908,293</b>	<b>\$14,632,717</b>

The following table shows the activities included within each program level:

Program Level	Activity
Public Safety	Individual & Community Protection, Physical Health
Public Works	Roadway Construction, Airport Operations, Street Lighting, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community and Economic Development	Economic Development, Community Beautification, Planning & Zoning
General Government	Administration, Support Services
Debt Service	Payment of Interest and principal of outstanding debt
Capital Projects	Construction of Capital Facilities
Sewer System	Operation of the waste water treatment plant
Water System	Operation of the waste water treatment plant
Solid Waste	Operation of garbage collection and disposal
Golf Course	Operation of Golf Course

## Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$2,171,863 and received \$523,558 in revenue, thus leaving a cost to the taxpayer of \$1,648,305 to be funded by various methods. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, Fees
Public Works	Road Use Tax, Rent
Culture and Recreation	Fees, State Aid,
General Government	Licenses, Permits
Capital Projects	Donations, State Grants, Federal Grants

The total cost of governmental activities this year was \$9,624,323. Of these costs, \$1,860,590 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contribution were \$1,248,643, leaving a Net Expense of \$6,515,090 for Governmental Activities. These expenses of \$6,515,090 were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2009	2008
<b>Governmental Activities:</b>		
Public Safety	\$ (1,648,305)	\$ (1,771,368)
Public Works	(1,279,413)	(515,247)
Culture and Recreation	(904,029)	(1,179,147)
Community and Economic Development	(808,799)	(845,707)
General Government	(1,359,909)	(1,260,467)
Debt Service	(514,635)	(529,867)
<b>Total Net (Expense)</b>		
<b>Governmental Activities</b>	(6,515,090)	(6,101,803)
General Revenues	9,011,501	8,691,633
<b>Excess of revenues over expenditures</b>	2,496,411	2,589,830
Interfund Transfers	(2,732,424)	170,279
<b>Change in Net Assets</b>	<b>\$ (236,013)</b>	<b>\$ 2,760,109</b>

Total resources available during the year to finance governmental operations were \$28,851,064, consisting of Net Assets at July 1, 2008 of \$19,462,754, Program Revenues of \$3,109,233 and General Revenues of \$9,011,501 and interfund transfers of (\$2,732,424). Total Governmental Activities during the year expended \$9,624,323; thus, Net Assets were decreased by \$236,013 to \$19,226,741 at June 30, 2009.

## Business Type Activities

Business Type Activities increased the City's net assets by \$2,498,229.

The cost of all Proprietary Activities this year was \$5,283,970. As shown in the Statement of Activities, the amount paid by users of the systems was \$4,910,518. Costs paid by other governments and organizations that subsidized certain programs with grants and contribution were \$20,000. This resulted in total Net Expense for Business Type Activities of \$353,452. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2009	2008
<b>Governmental Activities:</b>		
Sewer System	\$ (287,691)	\$ (258,662)
Water System	(206,378)	(59,013)
Solid Waste	149,566	156,571
Golf Course	(97,668)	(71,417)
Storm Sewer	88,719	89,392
<b>Total Net Revenue</b>		
<b>Business Type Activities</b>	(353,452)	(143,129)
General Revenues	119,257	114,502
<b>Excess of revenues over expenditures</b>	(234,195)	(28,627)
Interfund Transfers	2,732,424	(170,279)
<b>Change in Net Assets</b>	<b>\$ 2,498,229</b>	<b>\$ (198,906)</b>

Total resources available during the year to finance Proprietary Fund activities were \$28,111,061, consisting of Net Assets at July 1, 2008 of \$20,328,862, Program Revenues of \$4,930,518, General Revenues of \$119,257 and interfund transfers of \$2,732,424. Total Proprietary Fund Activities during the year expended \$5,283,970; thus Net Assets were increased by \$2,498,229, to \$22,827,091.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$2,553,761. The combined Governmental Funds fund balance decreased \$1,037,272 from the prior year.

The General Fund is the primary operating fund of the City. During the year, the net change in fund balance in the General Fund was \$283,587. The fund balance of \$1,830,543 represents 117 days of coverage.

## BUDGETARY HIGHLIGHTS

The following table shows the budget variances by program structure:

Expenditures	Amended Budget	Actual (Cash Basis)	Variance Favorable (Unfavorable)
Public Safety	\$ 2,040,666	\$ 2,009,783	\$ 30,883
Public Works	866,619	836,600	30,019
Culture and Recreation	1,538,904	1,451,856	87,048
Community and Economic Development	576,542	404,783	171,759
General Government	1,215,414	1,185,299	30,115
Debt Service	1,733,289	1,693,658	39,631
Capital Projects	3,380,007	2,257,687	1,122,320
Business Type/Enterprise	30,810,521	29,875,429	935,092
	<u>\$ 42,161,962</u>	<u>\$ 39,715,095</u>	<u>\$ 2,446,867</u>

Budget results were all favorable in the current year. The City made one budget amendment during the year and the budgeted amounts to actual results were very comparable. The two functions with material variances were the capital projects and business-type functions. These both were due to timing differences, where projects were budgeted, but expenses had not yet been incurred on them.

## CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, storm sewer systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2009, was \$36,355,393 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2009 are as follows:

	General Governmental Activities		Business Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000
Infrastructure	1,414,716	2,367,860	-	-	1,414,716	2,367,860
Buildings	157,423	2,870,654	107,660	1,175,429	265,083	4,046,083
Improvements – Other than Buildings	-	572,721	19,824	1,350,106	19,824	1,922,827
Equipment	133,968	444,136	69,055	127,085	203,023	571,221
Construction in Progress	1,773,494	1,761,054	326,578	268,516	2,100,072	2,029,570
Utility Plant	-	-	184,272	521,318	184,272	521,318
Total Gross Additions	<u>\$ 3,479,601</u>	<u>\$ 8,096,425</u>	<u>\$ 707,389</u>	<u>\$ 3,442,454</u>	<u>\$ 4,186,990</u>	<u>\$ 11,538,879</u>

Construction in Progress at June 30, 2009 for the governmental activities consisted of costs associated with the Recreation Trail Improvements, and numerous street and infrastructure additions and improvements.

For Business-Type Activities, the Construction in progress at June 30, 2009 consisted of costs associated with the water main extension and storm sewer improvements.

See Note 6 to the financial statements for more information on the City's capital assets.

## **DEBT ADMINISTRATION**

At year-end the City had \$25,868,000 of debt outstanding. This is a decrease of \$2,248,053 from the prior year. This decrease is the result of the normal annual debt amortization. No new debt was issued in FY '09.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt outstanding to 5% of the assessed value of all taxable property in the community. Thus, our debt capacity is \$31,020,600. With outstanding General Obligation Debt applicable to this limit of \$12,489,000 and Urban Renewal Debt applicable of \$600,000 we are utilizing 42.2% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

## **ECONOMIC FACTORS**

The City of Le Mars worked hard in FY 2009 to maintain a positive approach to growth and development. Continued progressive growth in the Le Mars community had a positive effect on the City's unemployment and tax base. FY '09 saw activity relating to the opening of 24<sup>th</sup> Street, the completion of the 24<sup>th</sup> Street railroad crossing, the starting of the expansion of the rail spur into and through the industrial park to the second industrial park south, the beginning of 27<sup>th</sup> Street, the start of development of the Airport Industrial Park, work starting in Highway 75 south and work beginning on Highway 3 by the hospital. FY '09 saw the opening of the IML Plant and the new Anthony Trucking Facility.

New housing developments in the city include private development, including water, sewer and paving improvements. The City has worked to market the Westmar buildings helping to create additional apartment facilities. The City is looking forward to additional housing surrounding the new holes at the golf course.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 712-546-7018.

**CITY OF LE MARS, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Floyd Valley Hospital
	Activities	Activities		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,109,673	\$ 2,794,795	\$ 4,904,468	\$ 2,981,259
Investments	136,975	-	136,975	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	120,462	148,673	269,135	2,861,354
Taxes	108,391	-	108,391	-
Subsequent Year Taxes	7,895,796	-	7,895,796	-
Accrued Interest	23	-	23	-
Other	1,310	-	1,310	289,895
Estimated Unbilled Usage	-	323,280	323,280	85,000
Special Assessments	31,675	-	31,675	-
Pledges Receivable	886,364	-	886,364	-
Notes Receivable	1,057,216	-	1,057,216	-
Internal Balances	(887,646)	887,646	-	-
Due from Other Governmental Agencies	812,258	-	812,258	-
Inventories	84,629	184,710	269,339	337,450
Land Held for Resale	205,571	-	205,571	-
Prepaid Assets	267,271	25,280	292,551	187,628
Other	-	-	-	1,204,225
Restricted Assets:				
Cash and Cash Equivalents	-	-	-	1,474,929
Investments	-	-	-	4,391,328
Accrued Interest Receivable	-	-	-	4,797
Bond Issue Costs	133,884	150,450	284,334	-
Investment in Joint Venture	177,919	-	177,919	-
Land	1,047,866	1,308,313	2,356,179	103,274
Construction in Progress	2,003,058	391,593	2,394,651	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	24,349,761	31,673,802	56,023,563	12,238,202
<b>Total Assets</b>	<b>40,542,456</b>	<b>37,888,542</b>	<b>78,430,998</b>	<b>26,159,341</b>
<b>LIABILITIES</b>				
Accounts Payable	1,320,080	83,329	1,403,409	1,670,516
Accrued Wages	72,988	26,534	99,522	825,689
Accrued Interest	25,876	39,793	65,669	42,882
Accrued Expenses	86,535	25,222	111,757	310,572
Unearned Revenue	-	21,750	21,750	-
Deferred Revenue - Subsequent Year Taxes	7,895,796	-	7,895,796	-
Noncurrent Liabilities:				
Due within one year:				
Revenue Bonds Payable	55,000	713,000	768,000	326,000
General Obligation Bonds	1,252,000	200,000	1,452,000	-
Notes Payable	50,000	-	50,000	-
Compensated Absences and Benefits	147,986	31,165	179,151	-
Due in more than one year:				
Revenue Bonds Payable	545,000	11,966,000	12,511,000	4,772,300
General Obligation Bonds	9,207,000	1,830,000	11,037,000	-
Notes Payable	50,000	-	50,000	-
Compensated Absences and Benefits, Long-Term	591,939	124,658	716,597	-
Net OPEB Liability	15,515	-	15,515	-
<b>Total Liabilities</b>	<b>21,315,715</b>	<b>15,061,451</b>	<b>36,377,166</b>	<b>7,947,959</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	17,690,685	18,664,708	36,355,393	7,243,176
Restricted for:				
Specific Revenues	333,140	-	333,140	-
Debt Service	943,755	-	943,755	1,095,297
Road Use Tax	338,365	-	338,365	-
Local Option Sales Tax	353,464	-	353,464	-
Endowments:				
Expendable	23,380	-	23,380	-
Nonexpendable	138,907	-	138,907	-
Unrestricted	(594,955)	4,162,383	3,567,428	9,872,909
<b>Total Net Assets</b>	<b>\$ 19,226,741</b>	<b>\$ 22,827,091</b>	<b>\$ 42,053,832</b>	<b>\$ 18,211,382</b>

See Accompanying Notes to Financial Statements

**CITY OF LE MARS, IOWA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 2,171,863	\$ 466,057	\$ 33,690	\$ 23,811
Public Works	2,311,816	68,508	765,564	198,331
Culture and Recreation	1,698,095	632,445	12,059	149,562
Community and Economic Development	867,201	-	-	58,402
General Government	2,060,713	693,580	7,224	-
Interest Expense	514,635	-	-	-
Total governmental activities	9,624,323	1,860,590	818,537	430,106
Business-Type Activities:				
Golf Course	407,326	309,658	-	-
Water System	1,795,038	1,588,660	-	-
Sewer System	2,535,519	2,247,828	-	-
Solid Waste System	540,037	669,603	-	20,000
Storm Sewer System	6,050	94,769	-	-
Total Business-Type Activities:	5,283,970	4,910,518	-	20,000
Total Primary Government	\$ 14,908,293	\$ 6,771,108	\$ 818,537	\$ 450,106
Component Unit:				
Floyd Valley Hospital	\$ 23,104,943	\$ 23,621,091	\$ 200	\$ 115,067

General Revenues:  
Property taxes  
Local Option Sales Tax  
Hotel/Motel Taxes  
Interest  
Use of Property  
Gain on Sale of Assets  
Refunds and Reimbursements  
Miscellaneous  
Sale of non-capitalized Assets  
Interfund Transfers  
Total general revenues and transfers  
Change in net assets  
Net assets - beginning  
  
Net assets - ending

Net (Expense) Revenue and Changes in Net Assets			Component Unit Floyd Valley Hospital
Governmental Activities	Business-Type Activities	Total	
\$ (1,648,305)		\$ (1,648,305)	
(1,279,413)		(1,279,413)	
(904,029)		(904,029)	
(808,799)		(808,799)	
(1,359,909)		(1,359,909)	
(514,635)		(514,635)	
<u>(6,515,090)</u>		<u>(6,515,090)</u>	
	\$ (97,668)	(97,668)	
	(206,378)	(206,378)	
	(287,691)	(287,691)	
	149,566	149,566	
	88,719	88,719	
	<u>(353,452)</u>	<u>(353,452)</u>	
<u>(6,515,090)</u>	<u>(353,452)</u>	<u>(6,868,542)</u>	
			\$ <u>631,415</u>
7,641,326	-	7,641,326	-
906,350	-	906,350	-
113,634	-	113,634	-
83,302	11,498	94,800	261,063
-	88,908	88,908	-
57,112	-	57,112	4,698
187,645	15,886	203,531	-
47	-	47	50,000
22,085	2,965	25,050	-
<u>(2,732,424)</u>	<u>2,732,424</u>	<u>-</u>	<u>-</u>
<u>6,279,077</u>	<u>2,851,681</u>	<u>9,130,758</u>	<u>315,761</u>
<u>(236,013)</u>	<u>2,498,229</u>	<u>2,262,216</u>	<u>947,176</u>
<u>19,462,754</u>	<u>20,328,862</u>	<u>39,791,616</u>	<u>17,264,206</u>
<u>\$ 19,226,741</u>	<u>\$ 22,827,091</u>	<u>\$ 42,053,832</u>	<u>\$ 18,211,382</u>

**CITY OF LE MARS, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2009**

	General	TIF	Road Use Tax
<b>Assets</b>			
Cash and Pooled Investments	\$ 96,219	\$ -	\$ 239,486
Investments	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	102,803	-	-
Taxes	54,009	41,257	-
Subsequent Year Taxes	2,839,008	3,550,621	-
Accrued Interest	23	-	-
Other	1,310	-	-
Special Assessments	31,675	-	-
Pledges Receivable	-	-	-
Notes Receivable	120,000	-	-
Due from Other Funds	1,694,310	255,362	-
Due from Other Governmental Agencies	46,939	-	62,531
Inventories	-	-	50,557
Land Held for Resale	205,571	-	-
Prepaid Assets	-	-	-
Total Assets	<u>5,191,867</u>	<u>3,847,240</u>	<u>352,574</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	110,083	98,498	14,209
Accrued Wages	72,988	-	-
Due to Other Funds	297,117	-	-
Deferred Revenue	34,054	950	-
Deferred Revenue - Subsequent Year Taxes	2,839,008	3,550,621	-
Compensated Absences & Benefits	8,074	-	-
Total Liabilities	<u>3,361,324</u>	<u>3,650,069</u>	<u>14,209</u>
<b>Fund Balances:</b>			
<b>Reserved for:</b>			
Debt Service	-	-	-
Assets Held for Resale	205,571	-	-
Perpetual Care	-	-	-
Tree Farm	-	-	-
Inventories	-	-	50,557
Long-term Notes Receivable	120,000	-	-
Prepaid Items	-	-	-
<b>Unreserved Fund Balances:</b>			
General Fund	1,504,972	-	-
Special Revenue Fund	-	197,171	287,808
Capital Projects Fund	-	-	-
Total Fund Balances (Deficits)	<u>1,830,543</u>	<u>197,171</u>	<u>338,365</u>
Total Liabilities and Equity	<u>\$ 5,191,867</u>	<u>\$ 3,847,240</u>	<u>\$ 352,574</u>

Local Option Sales Tax	Debt Service	Capital Project		Other Governmental Funds	Total Governmental Funds
		Community Betterment	Joint Urban Renewal		
\$ 524	\$ 960,406	\$ -	\$ -	\$ 467,436	\$ 1,764,071
-	-	-	-	136,975	136,975
-	-	-	-	1,750	104,553
-	9,858	-	-	3,267	108,391
-	1,050,612	-	-	455,555	7,895,796
-	-	-	-	-	23
-	-	-	-	-	1,310
-	-	-	-	-	31,675
-	-	955,397	-	-	955,397
-	-	-	623,496	313,720	1,057,216
-	-	-	316,803	-	2,266,475
141,940	-	-	-	560,848	812,258
-	-	-	34,072	-	84,629
-	-	-	-	-	205,571
211,000	-	-	-	-	211,000
353,464	2,020,876	955,397	974,371	1,939,551	15,635,340
-	-	-	141,065	955,516	1,319,371
-	-	-	-	-	72,988
-	-	1,264,572	-	1,592,432	3,154,121
-	633	595,450	-	142	631,229
-	1,050,612	-	-	455,555	7,895,796
-	-	-	-	-	8,074
-	1,051,245	1,860,022	141,065	3,003,645	13,081,579
-	969,631	-	-	-	969,631
-	-	-	-	-	205,571
-	-	-	-	138,907	138,907
-	-	-	-	23,380	23,380
-	-	-	34,072	-	84,629
-	-	-	623,496	313,720	1,057,216
211,000	-	-	-	-	211,000
-	-	-	-	-	1,504,972
142,464	-	-	-	(723,680)	(96,237)
-	-	(904,625)	175,738	(816,421)	(1,545,308)
353,464	969,631	(904,625)	833,306	(1,064,094)	2,553,761
\$ 353,464	\$ 2,020,876	\$ 955,397	\$ 974,371	\$ 1,939,551	\$ 15,635,340

**CITY OF LE MARS, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**For the Year Ended June 30, 2009**

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Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 19)	\$	2,553,761
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds		27,400,685
Investment in Joint Venture is not a financial resource and, therefore, not reported in the funds		177,919
The internal service fund is used by management to fund and maintain the City's health insurance provided to user departments and is included in the statement of net assets.		258,752
Deferred revenues that provide current financial resources for governmental activities.		631,229
Estimated uncollectible on pledges receivable extending beyond one year.		(69,033)
Accrued expenses from the balance sheet that require current financial resources for governmental activities.		(25,876)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		133,884
Prepaid expenses that are reported in the governmental activities but not reported in the funds as they do not provide current economic resources.		56,271
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	\$	10,459,000
Revenue Bonds		600,000
Notes Payable		100,000
Compensated Absences		731,851
		(11,890,851)
<hr/>		
Total Net Assets - Governmental Activities (page 15)	\$	19,226,741

**CITY OF LE MARS, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2009**

	General	TIF	Road Use Tax
Revenue:			
Taxes	\$ 2,473,326	\$ 3,405,004	\$ -
Licenses and Permits	122,512	-	-
Intergovernmental Revenue	103,651	-	765,564
Charges for Services	775,267	-	-
Fines and Forfeits	39,127	-	-
Contributions	36,055	-	-
Refunds/Reimbursements	122,287	-	-
Rental Income	236,523	-	-
Interest	50,313	19,824	-
Miscellaneous	-	-	-
Total Revenue	3,959,061	3,424,828	765,564
Expenditures:			
Public Safety	1,869,025	-	-
Public Works	837,107	-	-
Culture and Recreation	1,429,576	-	-
Community and Economic Development	410,742	60,955	-
General Government	1,076,994	-	-
Capital Outlay	54,752	-	28,914
Debt Service	-	-	-
Total Expenditures	5,678,196	60,955	28,914
Excess (deficiency) of revenues over expenditures	(1,719,135)	3,363,873	736,650
Other financing sources (uses):			
Proceeds from Sale of Assets	79,301	-	-
Transfers In	2,016,868	593,493	-
Transfers Out	(93,447)	(5,568,816)	(470,000)
Total other financing sources (uses)	2,002,722	(4,975,323)	(470,000)
Net Change in Fund Balance	283,587	(1,611,450)	266,650
Fund balances (deficits)-beginning of year	1,546,956	1,808,621	71,715
Fund balances (deficits)- end of year	\$ 1,830,543	\$ 197,171	\$ 338,365

Local Option Sales Tax	Debt Service	Capital Project		Other Governmental Funds	Total Governmental Funds
		Community Betterment	Joint Urban Renewal		
\$ 906,350	\$ 1,310,435	\$ -	\$ -	\$ 567,008	\$ 8,662,123
-	-	-	-	-	122,512
-	-	-	-	347,893	1,217,108
-	-	-	-	1,428	776,695
-	-	-	-	-	39,127
-	-	294,860	-	2,293	333,208
-	-	-	328	18,971	141,586
-	-	-	-	2,880	239,403
1,182	6,552	-	-	2,150	80,021
-	-	-	-	47	47
907,532	1,316,987	294,860	328	942,670	11,611,830
-	-	-	-	153,588	2,022,613
-	-	-	-	-	837,107
-	-	-	-	6,852	1,436,428
147,429	-	-	-	24,572	643,698
-	-	-	-	21,933	1,098,927
-	-	15,097	396,534	2,062,715	2,558,012
-	1,693,657	-	50,000	121,958	1,865,615
147,429	1,693,657	15,097	446,534	2,391,618	10,462,400
760,103	(376,670)	279,763	(446,206)	(1,448,948)	1,149,430
-	-	-	-	44,760	124,061
-	1,369,756	454,500	-	3,045,850	7,480,467
(712,345)	-	(2,019,129)	(272,500)	(654,993)	(9,791,230)
(712,345)	1,369,756	(1,564,629)	(272,500)	2,435,617	(2,186,702)
47,758	993,086	(1,284,866)	(718,706)	986,669	(1,037,272)
305,706	(23,455)	380,241	1,552,012	(2,050,763)	3,591,033
\$ 353,464	\$ 969,631	\$ (904,625)	\$ 833,306	\$ (1,064,094)	\$ 2,553,761

**CITY OF LE MARS, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 22)	\$ (1,037,272)
--	----------------

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 2,105,779	
Depreciation expense	<u>(1,930,779)</u>	175,000

Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain or (loss) on the sale or disposal of fixed assets. This is the effect on the change in net assets on the statement of activities:	(269,770)
--	-----------

Revenues from Long Term Pledge Receivables are deferred on the fund level statements until they are available to provide current financial resources, where on the government-wide statements there revenues were recorded in the year pledged. The net change in deferred pledge revenues and allowance for doubtful accounts was:	(236,458)
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Investment in Joint Venture does not require current financial resources, therefore, is not reported in the funds. This is the change in the equity investment for the year:	(52,408)
--	----------

Revenues reported in the funds that are not available to provide current financial resources:	(813)
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Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources:	(23,224)
--	----------

Accrued interest expense that does not require current financial resources:	3,181
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Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in in the long-term compensated absences for the year was:	(46,071)
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Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and are included in the statement of net assets. The net revenue of the internal service funds is reported with governmental activities:	(95,977)
--	----------

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities:	(20,254)
--	----------

The repayment of the principal of bonded long-term debt as well as long-term notes payable consume the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt or long-term notes payable. The principal paid on these items during the current year was:	<u>1,368,053</u>
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Change in net assets of governmental activities (page 17)	<u>\$ (236,013)</u>
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**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF NET ASSETS**  
**Proprietary Funds**  
**JUNE 30, 2009**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 730,433	\$ 1,710,354
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	46,433	69,843
Estimated Unbilled Usage	118,664	174,664
Due from Other Funds	887,646	-
Inventories	184,710	-
Prepaid Assets	8,971	14,678
Total Current Assets	<u>1,976,857</u>	<u>1,969,539</u>
Noncurrent Assets:		
Bond Issue Costs	65,434	85,016
Land	174,357	843,418
Construction in Progress	98,096	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	12,597,208	15,973,620
Total Noncurrent Assets	<u>12,935,095</u>	<u>16,902,054</u>
<b>Total Assets</b>	<u><b>14,911,952</b></u>	<u><b>18,871,593</b></u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	19,898	23,213
Accrued Wages	11,532	15,002
Accrued Revenue Bond Interest	15,283	24,510
Accrued Expenses	25,222	-
Unearned Revenue	-	-
Revenue Bonds Payable- Current	363,000	350,000
General Obligation Bonds- Current	-	200,000
Compensated Absences and Benefits	20,037	11,128
Total Current Liabilities	<u>454,972</u>	<u>623,853</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	5,718,000	6,248,000
General Obligation Bonds	-	1,830,000
Compensated Absences and Benefits	80,147	44,511
Net OPEB Liability	-	-
Total Noncurrent Liabilities	<u>5,798,147</u>	<u>8,122,511</u>
<b>Total Liabilities</b>	<u><b>6,253,119</b></u>	<u><b>8,746,364</b></u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	6,788,661	8,189,038
Unrestricted	1,870,172	1,936,191
<b>Total Net Assets</b>	<u><b>\$ 8,658,833</b></u>	<u><b>\$ 10,125,229</b></u>

<u>Business Type Activities</u>		<u>Governmental</u>
<u>Nonmajor</u>		<u>Activities</u>
<u>Enterprise</u>		<u>Internal</u>
<u>Funds</u>	<u>Total</u>	<u>Service</u>
\$ 354,008	\$ 2,794,795	\$ 345,602
32,397	148,673	15,909
29,952	323,280	-
-	887,646	-
-	184,710	-
1,631	25,280	-
<u>417,988</u>	<u>4,364,384</u>	<u>361,511</u>
-	150,450	-
290,538	1,308,313	-
293,497	391,593	-
3,102,974	31,673,802	-
<u>3,687,009</u>	<u>33,524,158</u>	<u>-</u>
<u>4,104,997</u>	<u>37,888,542</u>	<u>361,511</u>
40,218	83,329	709
-	26,534	-
-	39,793	-
-	25,222	86,535
21,750	21,750	-
-	713,000	-
-	200,000	-
-	31,165	-
<u>61,968</u>	<u>1,140,793</u>	<u>87,244</u>
-	11,966,000	-
-	1,830,000	-
-	124,658	-
-	-	15,515
-	13,920,658	15,515
<u>61,968</u>	<u>15,061,451</u>	<u>102,759</u>
3,687,009	18,664,708	-
356,020	4,162,383	258,752
<u>\$ 4,043,029</u>	<u>\$ 22,827,091</u>	<u>\$ 258,752</u>

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>Operating Revenues:</b>		
Charges for Services	\$ 1,588,660	\$ 2,247,828
<b>Total Operating Revenue</b>	<u>1,588,660</u>	<u>2,247,828</u>
<b>Operating Expenses:</b>		
Employee Services	523,923	668,883
Contract Services	75,201	246,186
Supplies	119,697	110,138
Repairs and Improvements	37,361	56,460
Utilities	136,975	168,043
Miscellaneous	6,247	2,654
Depreciation	580,485	832,203
Amortization	4,905	7,176
<b>Total Operating Expenses</b>	<u>1,484,794</u>	<u>2,091,743</u>
<b>Operating Income (Loss)</b>	103,866	156,085
<b>Non-Operating Income (Expense):</b>		
Interest Income	6,940	4,558
Refunds and Reimbursements	5,561	9,395
Sale of Uncapitalized Assets	-	-
Loss on Disposal of Capital Assets	(99,432)	(110,401)
Revenue from Use of Property	50,135	12,980
Interest Expense	(210,812)	(333,375)
Inter-Governmental Revenue	-	-
<b>Total Non-Operating Income (Expenses)</b>	<u>(247,608)</u>	<u>(416,843)</u>
<b>Income (Loss) Before Transfers and Contributions</b>	(143,742)	(260,758)
<b>Contributed Capital Revenue</b>	15,203	85,137
<b>Transfers In</b>	1,124,836	1,730,494
<b>Transfers (Out)</b>	<u>(234,995)</u>	<u>(234,995)</u>
<b>Change in Net Assets</b>	761,302	1,319,878
<b>Net Assets - Beginning</b>	<u>7,897,531</u>	<u>8,805,351</u>
<b>Net Assets - Ending</b>	<u>\$ 8,658,833</u>	<u>\$ 10,125,229</u>

Business Type Activities		Governmental
Nonmajor		Activities
Enterprise		Internal
Funds	Total	Service
\$ 1,074,030	\$ 4,910,518	\$ 608,948
1,074,030	4,910,518	608,948
-	1,192,806	-
700,478	1,021,865	-
77,821	307,656	-
10,570	104,391	-
12,812	317,830	-
4,397	13,298	782,290
136,044	1,548,732	-
-	12,081	-
942,122	4,518,659	782,290
131,908	391,859	(173,342)
-	11,498	3,281
930	15,886	74,084
2,965	2,965	-
(11,291)	(221,124)	-
25,793	88,908	-
-	(544,187)	-
20,000	20,000	-
38,397	(626,054)	77,365
170,305	(234,195)	(95,977)
321,321	421,661	-
106,551	2,961,881	-
(181,128)	(651,118)	-
417,049	2,498,229	(95,977)
3,625,980	20,328,862	354,729
\$ 4,043,029	\$ 22,827,091	\$ 258,752

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 1,583,465	\$ 2,205,493
Cash Paid to Suppliers for Goods and Services	(369,454)	(572,133)
Cash Paid to Employees for Services	(510,265)	(664,061)
Other Nonoperating Income	55,696	22,375
Net Cash Provided (Used) by Operating Activities	<u>759,442</u>	<u>991,674</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(66,118)	(65,240)
Proceeds from the Sale of Assets	-	-
Principal Paid on Notes and Bonds	(350,000)	(530,000)
Interest Paid on Notes and Bonds	(211,697)	(334,900)
Net Cash (Used) for Capital and Related Financing Activities	<u>(627,815)</u>	<u>(930,140)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers From (To) Other Funds	889,841	1,495,499
Due From (To) Other Funds	(624,180)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>265,661</u>	<u>1,495,499</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	6,940	4,558
Net Cash Provided from Investing Activities	<u>6,940</u>	<u>4,558</u>
Net Increase (Decrease) in Cash and Cash Equivalents	404,228	1,561,591
Cash and Cash Equivalents at Beginning of Year	<u>326,205</u>	<u>148,763</u>
Cash and Cash Equivalents at End of Year	<u>\$ 730,433</u>	<u>\$ 1,710,354</u>

Business Type Activities		Governmental
Nonmajor Enterprise Funds	Total	Activities Internal Service
\$ 1,094,858	\$ 4,883,816	\$ 599,989
(803,412)	(1,744,999)	(758,834)
-	(1,174,326)	-
46,723	124,794	74,084
338,169	2,089,285	(84,761)
(154,370)	(285,728)	-
19,747	19,747	-
-	(880,000)	-
-	(546,597)	-
(134,623)	(1,692,578)	-
(74,577)	2,310,763	-
-	(624,180)	-
(74,577)	1,686,583	-
-	11,498	3,281
-	11,498	3,281
128,969	2,094,788	(81,480)
225,039	700,007	427,082
\$ 354,008	\$ 2,794,795	\$ 345,602

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	<u>\$ 103,866</u>	<u>\$ 156,085</u>
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	580,485	832,203
Amortization	4,905	7,176
Miscellaneous Non-Operating Income	55,696	22,375
(Increase) Decrease in Assets:		
Accounts Receivable	59,963	(28,757)
Estimated Unbilled Usage	(65,158)	(13,578)
Prepaid Expenses	4,160	6,271
Inventories	(8,629)	-
Unearned Reveue	-	-
Increase (Decrease) in Liabilities		
Accounts Payable	3,568	5,077
Accrued Wages and Compensated Absences	13,658	4,822
Accrued Expenses	-	-
Customer Deposits	6,928	-
Total Adjustments	<u>655,576</u>	<u>835,589</u>
Net Cash Provided (Used) by Operating Activities	<u><u>759,442</u></u>	<u><u>991,674</u></u>

**Supplemental Schedule of Noncash Capital and Related Financing Activities:**

Contributed Capital	<u>\$ 15,203</u>	<u>\$ 85,137</u>
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Nonmajor Enterprise Funds	Total	Governmental
		Activities Internal Service
\$ 131,908	\$ 391,859	\$ (173,342)
136,044	1,548,732	-
-	12,081	-
46,723	124,794	74,084
640	31,846	(8,959)
(1,562)	(80,298)	-
133	10,564	-
-	(8,629)	-
21,750	21,750	-
2,533	11,178	709
-	18,480	-
-	-	22,747
-	6,928	-
206,261	1,697,426	88,581
338,169	2,089,285	(84,761)
\$ 321,321	\$ 421,661	\$ -

**CITY OF LE MARS, IOWA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**Agency Funds**  
**JUNE 30, 2009**

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**ASSETS**

Cash and Pooled Investments	\$ 9,591
<b>Total Assets</b>	<b>9,591</b>

**LIABILITIES**

Accounts Payable	9,591
<b>Total Liabilities</b>	<b>9,591</b>

**NET ASSETS**

Unrestricted	-
<b>Total Net Assets</b>	<b>\$ -</b>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Le Mars, Iowa is a political subdivision of the State of Iowa located in Plymouth County, and was incorporated in 1881, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Mayor-Council form of government with an appointed administrator and finance director and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also has municipal water and sewer utility systems, which are governed by the City Council.

The City's financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, the City of Le Mars, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Le Mars, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its respective administrative office.

Discretely Presented Component Unit - The City established a municipal hospital, Floyd Valley Hospital, in 1966. The hospital's financial data is reported in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City and its operating budget is subject to the approval of the City Council.

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Plymouth County Assessors' Conference Board, Plymouth County Area Solid Waste Agency, Plymouth County Emergency Management Commission, Plymouth County Joint E911 Service Board, and the Highway 60 Commission.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent of fees and charges for services. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities. The City's health insurance internal service fund is also classified as a governmental-type activity.

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The City first uses restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.

*Fund Financial Statements* – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

as separate columns in the find financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.

- 2) Special Revenue Funds

The TIF (Tax Incremental Financing Fund) is used to account for property taxes received to be expended for public improvements; construction of public infrastructure as well as economic development opportunities; incentives; sites; land; rebates; and grant agreements.

The Road Use Tax Fund is used to account for the operation of street maintenance and construction financed by allocations of state fuel taxes.

The Local Option Sales Tax Fund is used to account for the collection of a 1% local option sales tax to be expended for Capital Improvement/Community Betterment Projects.

- 3) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

- 4) Capital Projects

The Community Betterment Fund is used to account for the projects related to improving the community.

The Joint Urban Renewal Fund is used to account for the use of bond proceeds for the capital improvements in the City's Urban Renewal District.

The City reports the following major proprietary funds:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The City reports the following internal service fund:

The Health Insurance Fund is used to account for the funding and maintenance of the City's self-funded health insurance provided to City employees. Since the principal users of this internal service are the City's governmental activities, the financial statements of the health insurance internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

The City reports the following fiduciary fund:

The Flex Account is an agency fund that is used to account for the City's cafeteria plan.

**C. Measurement Focus and Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

to such programs, followed by categorical block grants and then by general revenues.

The proprietary funds of the City apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis. The City's internal service fund is presented in the proprietary fund financial statements.

Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

**D. Assets, Liabilities and Fund Equity**

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Investments consist of the following:

<u>City</u>	<u>Type</u>	<u>Method</u>
	Nonnegotiable Certificates of Deposit	Cost
<u>Component Unit</u>		
	Certificates of Deposit	Cost
	U.S. Treasury Notes, State & Local Government Series	Fair Value Determined Based on Quoted Market Price
	Iowa Public Agency Investment Trust	Fair Value Determined By Current Share Prices
	Debt Securities	
	Negotiable Certificates of Deposit	
	Maturity of one year or less when purchased	Amortized Cost
	Maturity of more than one year when purchased	Fair Value Based on Quoted Market Price

Property Tax Receivable, Including Tax Increment Financing - Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2008. Any county collections on the 2008-2009 tax levy remitted to the City within 60 days subsequent to June 30, 2009, are recorded as property tax revenue.

Customer Accounts and Unbilled Usage – Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

CITY OF LE MARS, IOWA  
Notes to Financial Statements  
June 30, 2009

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Short-Term Interfund Receivables/Payables - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent certain transactions between funds have not been paid or received as of June 30, 2009, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively in the fund financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The inventory amounts are not material and therefore not recorded on the balance sheet.

Restricted Assets – Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable note indentures. Other restricted assets include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items.

Capital Assets - Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of \$1,000 and estimated useful lives in excess of two years. Depreciation expense is calculated using the straight-line method over the following useful lives:

Buildings	39 – 50 Years
Utility Plant	20 – 33 Years
Machinery & Equipment	3 - 20 Years
Infrastructure	15 – 70 Years

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Deferred Revenue – Although certain revenues are measurable, they are not available, Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied.

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation and sick-leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statement. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Assets and the proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Interfund Transactions - Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

CITY OF LE MARS, IOWA  
Notes to Financial Statements  
June 30, 2009

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

Landfill Closure Costs - The City is part of an Iowa Code Section 28F agreement with the Plymouth County Solid Waste Agency and, therefore, not required to account for landfill post closure costs.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The City's deposits at June 30, 2009, were entirely covered by Federal Depository Insurance collateralized with securities or letters of credit held by the City or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligation of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Deposits at June 30, 2009, are shown below:

	<b>Primary Government</b>	<b>Component Unit</b>	<b>Fair Value</b>	<b>Rating</b>
Demand Deposits	\$ 15,076	\$ 4,456,188	\$ 4,471,264	N/A
Savings Deposits	4,889,392	-	4,889,392	N/A
Time Deposits	136,975	4,391,328	4,528,303	N/A
	<u>\$ 5,041,443</u>	<u>\$ 8,847,516</u>	<u>\$13,888,959</u>	

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Custodial Credit Risk – The City has no policy regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

CITY OF LE MARS, IOWA  
Notes to Financial Statements  
June 30, 2009

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**Note 3 - RECEIVABLES**

Receivables at June 30, 2009 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$41,047 and the governmental funds of the primary government had an allowance of \$27,486 at June 30, 2009. The component unit had an allowance for uncollectibles of \$2,116,630 at June 30, 2009.

**Note 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2009, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$ 62,531
Due from the Iowa Department of Transportation for construction projects	22,597
Due from the State of Iowa for local option sales taxes	141,940
Due from the Federal Aviation Administration for Airport Improvements	538,252
Due from the State of Iowa for hotel and motel sales taxes	27,748
Due from the State of Iowa	10,271
Due from Plymouth County	8,919
Total Due from Other Governments	<u>\$ 812,258</u>

**Note 5 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2009, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 1,592,432
General	Community Betterment	101,878
Water	General	297,117
TIF	Community Betterment	255,362
Capital Project - Joint Urban Renewal	Community Betterment	316,803
Water	Community Betterment	590,529
		<u>\$ 3,154,121</u>

The purpose of the interfund balances is to help finance short-term cash flow shortages of various funds.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

**Primary Government**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,086,470	\$ -	\$ 38,604	\$ 1,047,866
Construction in Progress	1,603,386	1,773,494	1,373,822	2,003,058
Total capital assets not being depreciated	2,689,856	1,773,494	1,412,426	3,050,924
Capital assets being depreciated:				
Buildings	10,834,147	157,423	494,000	10,497,570
Improvements	4,032,791	-	16,488	4,016,303
Equipment	5,090,013	133,968	534,713	4,689,268
Infrastructure	26,005,386	1,414,716	-	27,420,102
Total capital assets being depreciated	45,962,337	1,706,107	1,045,201	46,623,243
Less: Accumulated Depreciation for:				
Buildings	4,592,620	422,190	294,200	4,720,610
Improvements	2,314,625	138,387	10,717	2,442,295
Equipment	4,273,535	282,437	509,118	4,046,854
Infrastructure	9,975,958	1,087,765	-	11,063,723
Total Accumulated Depreciation	21,156,738	1,930,779	814,035	22,273,482
Total capital assets being depreciated, net	24,805,599	(224,672)	231,166	24,349,761
Governmental activities capital assets, net	\$ 27,495,455	\$ 1,548,822	\$ 1,643,592	\$ 27,400,685

Construction in progress at June 30, 2009, for the governmental activities consisted of costs associated with the Recreation Trail Improvements and numerous street and infrastructure additions and improvements.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 6 - CAPITAL ASSETS – (Continued)**

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,318,661	\$ -	\$ 10,384	\$ 1,308,313
Construction in Progress	65,015	326,578	-	391,593
Total capital assets not being depreciated	1,383,676	326,578	10,348	1,699,906
Capital assets being depreciated:				
Buildings	1,520,128	107,660	78,181	1,549,607
Improvements	2,023,368	19,824	108,452	1,934,740
Equipment	1,065,487	69,055	420,356	714,186
Utility Plant	42,657,947	184,272	408,335	42,433,884
Total capital assets being depreciated	47,266,930	380,811	1,015,324	46,632,417
Less: Accumulated Depreciation	14,197,651	1,548,732	787,768	14,958,615
Total capital assets being depreciated, net	33,069,279	(1,167,921)	227,556	31,673,802
Business-type activities capital assets, net	\$34,452,955	\$ (841,343)	\$ 237,904	\$ 33,373,708

Construction in progress at June 30, 2009 consisted of costs associated with the water main extension and storm sewer improvements.

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

Public Safety	\$ 142,902
Public Works	1,293,773
Culture and Recreation	187,881
Community and Economic Development	226,703
General Government	79,520

Total depreciation expense – governmental activities \$ 1,930,779

**Business-Type Activities:**

Water	\$ 580,485
Sewer	832,203
Golf Course	106,397
Storm Sewer	6,050
Solid Waste	23,597

Total depreciation expense – business-type activities \$ 1,548,732

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 6 - CAPITAL ASSETS – (Continued)**

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Component Unit:</b>				
Capital assets not being depreciated:				
Land	\$ 103,274	\$ -	\$ -	\$ 103,274
Construction in Progress	119,029	1,364,805	1,483,834	-
Total capital assets not being depreciated	222,303	1,364,805	1,483,834	103,274
Capital assets being depreciated:				
Land Improvements	703,637	20,419	-	724,056
Buildings and Fixed Equipment	14,509,214	28,411	-	14,537,625
Major Movable Equipment	6,022,336	1,047,422	744,086	6,325,672
Land and Buildings Leased to Others	2,957,580	688,637	43,263	3,602,954
Total capital assets being depreciated	24,192,767	1,784,889	787,349	25,190,307
Less: Accumulated Depreciation	12,370,406	1,311,222	729,523	12,952,105
Total capital assets being depreciated, net	11,822,361	473,667	57,826	12,238,202
Component unit capital assets, net	\$ 12,044,664	\$ 1,838,472	\$ 1,541,660	\$ 12,341,476

Construction in progress at June 30, 2009, consisted of renovations to the Hospital.

**Reconciliation of Investment in Capital Assets:**

	Governmental Activities	Business-Type Activities
Land	\$ 1,047,866	\$ 1,308,313
Construction in Progress	2,003,058	391,593
Capital Assets (net of accumulated depreciation)	24,349,761	31,673,802
Less: General Obligation Bonds Payable	9,010,000	2,030,000
Notes Payable	100,000	-
Revenue Bonds	600,000	12,679,000
Investment in Capital Assets, Net of Related Debt	\$ 17,690,685	\$ 18,664,708

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 7 - LONG-TERM DEBT**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the City.

In June 2006 the City issued \$7,300,000 of general obligation bonds. These bonds were used to finance capital improvements as well as a refunding of the remaining \$655,000 of the 1998 series GO capital loan notes (for more detail on refunding see note in the refunding section). The interest rate of the bonds will range from 3.7 to 4.35%.

General obligation bonds outstanding as of June 30, 2009 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amounts</u>
Governmental Activities-2006 Refunding & Corporate Purpose	3.7-4.35%	June 1, 2021	\$ 6,615,000
Governmental Activities	1.9-5.90%	June 1, 2016	1,255,000
SRF General Obligation Bonds, 2007	3.0%	June 1, 2027	1,449,000
Governmental Activities – Refunding 2003	3.15%	June 1, 2011	1,140,000
Business-Type Activities	1.9-5.60%	June 1, 2018	2,030,000
			<u>\$ 12,489,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,252,000	\$ 406,518	\$ 200,000	\$ 101,027
2011	1,299,000	362,908	210,000	91,977
2012	966,000	315,728	225,000	82,167
2013	753,000	276,421	240,000	71,408
2014	780,000	244,743	245,000	59,663
2015-2019	3,642,000	741,972	910,000	105,108
2020-2024	1,470,000	151,325	-	-
2025-2027	297,000	18,000	-	-
Total	<u>\$ 10,459,000</u>	<u>\$ 2,517,615</u>	<u>\$ 2,030,000</u>	<u>\$ 511,350</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 7 - LONG-TERM DEBT (Continued)**

**Revenue Bonds**

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. These funds have been expended on construction of the water treatment and wastewater treatment facilities. Financing details are as follows:

The City issued \$650,000 of Joint Urban Renewal Tax Increment Revenue Bonds on May 30, 2006. These bonds were issued to finance public infrastructure improvements related to the Two Rivers Center Project. The bonds will be paid through the collection of TIF revenues over the next 10 years at an interest rate ranging from 4.15 to 4.75%.

The 2004 series sewer revenue bonds, have a total par of \$7,900,000, all of which has been drawn.

The total par of the 2003 series water revenue bonds is \$6,300,000, and all funds available in this series of bonds have now been drawn. As shown below the interest rate on these bonds is 3.0%.

The total par of the 2005 series water revenue bonds is \$600,000. All funds available in this series have been drawn.

Revenue bonds outstanding at June 30, 2009 are as follows:

**Primary Government**

<b>Purpose</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amounts</b>
Business-type Activities-Sewer SRF	3.0%	June 1, 2020 – June 1, 2025	\$ 6,598,000
Business-type Activities -Water SRF	3.0-3.53%	June 1, 2024	6,081,000
Governmental Activities-Urban Renewal Tax Increment Bonds	4.15-4.75%	June 1, 2017	600,000
			<u>\$13,279,000</u>

**Revenue Bonds**

Annual revenue bond debt service requirement to maturity are as follows:

<b>Year</b>	<b><u>Business-Type Activities</u></b>		<b><u>Governmental Activities</u></b>	
<b>Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2010	\$ 713,000	\$ 384,453	\$ 55,000	\$ 26,668
2011	731,000	362,755	65,000	24,357
2012	754,000	340,507	80,000	21,595
2013	781,000	317,559	85,000	18,155
2014	804,000	293,790	90,000	14,458
2015-2019	4,438,000	1,085,251	225,000	18,287
2020-2024	4,419,000	382,509	-	-
2025	39,000	1,170	-	-
Total	<u>\$12,679,000</u>	<u>\$ 3,167,994</u>	<u>\$ 600,000</u>	<u>\$ 123,520</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 7 - LONG-TERM DEBT (Continued)**

**Advance and Current Refundings**

In May 2002, the City issued \$195,000 in General Obligation Capital Loan Notes with an average interest rate of 4.1% to refund the 1993 General Obligation Capital Loan Notes with an average interest rate of 5.2%. The City refunded the debt to reduce its total debt service payments over the next six years by \$10,008 and to obtain an economic gain of \$9,042.

In December 2003, the City issued \$3,015,000 of General Obligation Corporate Purpose and Refunding Notes in a crossover advance refunding of the 1996A General Obligation Corporate Purpose Notes. The 2003 bonds had an average interest rate of 3.15% and the 1996 bonds which were refunded had an average interest rate of 5.74%. As a result of this refunding, the City reduced its debt service payments over the next seven years by \$167,924, and obtained an economic gain of \$145,045.

In June 2006 the City issued \$7,300,000 of GO Corporate Purpose and Refunding Bonds, of which \$665,000 was used in a refunding of the 1998 series GO Corporate Purpose Notes. The 2006 series bonds carry an average interest rate of 4.07% and the 1998 series an average interest rate of 4.77%. This results in an economic gain of \$9,467 and a reduction in debt service payments of \$10,627 over the next five years.

**Component Unit**

<b>Purpose</b>	<b>Interest Rates</b>	<b>Amounts</b>
Hospital/Component Unit	3.0-5.45%	\$ 1,195,600
Hospital/Component Unit	2.5-5.9%	3,542,700
Hospital/Component Unit	0%	360,000
		<u>\$ 5,098,300</u>

These notes are reported net of unamortized discount of \$96,700.

Scheduled principal and interest repayments on revenue notes are as follows:

<b>Year Ending June 30,</b>	<b><u>Rural Economic Development Loan</u></b>		<b><u>Revenue Notes Payable</u></b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2010	\$ 36,000	\$ -	\$ 290,000	\$ 250,945
2011	72,000	-	255,000	238,678
2012	72,000	-	265,000	226,365
2013	72,000	-	285,000	212,928
2014	72,000	-	295,000	198,337
2015-2019	36,000	-	1,715,000	740,136
2020-2024	-	-	1,730,000	208,550
	<u>\$ 360,000</u>	<u>\$ -</u>	<u>\$ 4,835,000</u>	<u>\$2,075,939</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 7 - LONG-TERM DEBT (Continued)**

**Notes Payable**

In August 2005 the City agreed to pay Southern Sioux County Rural Water System \$300,000 in consideration for water service territory rights in areas west and north of Le Mars. These payments will be made annually in installments of \$50,000 beginning in October 2006. There will be no interest paid if payments are made by the applicable due dates.

Notes Payable debt service requirements to maturity are as follows:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2010	\$ 50,000	\$ -
2011	50,000	-
Total	<u>\$ 100,000</u>	<u>\$ -</u>

**Changes in Long-Term Liabilities**

Long-Term liability activity for the year ended June 30, 2009, was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Notes Payable	\$ 248,053	\$ -	\$ 148,053	\$ 100,000	\$ 50,000
Bonds Payable:					
General Obligation	11,629,000	-	1,170,000	10,459,000	1,252,000
Revenue Bonds	650,000	-	50,000	600,000	55,000
Other Post Employment Benefits	-	15,515	-	15,515	-
Compensated Absences	690,465	187,553	138,093	739,925	147,986
Governmental Activity Long-Term Liabilities	<u>13,217,518</u>	<u>187,553</u>	<u>1,506,146</u>	<u>11,898,925</u>	<u>1,504,986</u>
<b>Business-Type Activities:</b>					
Bonds Payable:					
General Obligation	2,225,000	-	195,000	2,030,000	200,000
Revenue Bonds	13,364,000	-	685,000	12,679,000	713,000
Compensated Absences	141,421	42,686	28,284	155,823	31,165
Business-Type Activity Long-Term Liabilities	<u>15,730,421</u>	<u>42,686</u>	<u>908,284</u>	<u>14,864,823</u>	<u>944,165</u>
<b>Component Unit:</b>					
Bonds Payable:					
Revenue Bonds	5,560,000	-	725,000	4,835,000	290,000
Rural Economic Development Note	-	360,000	-	360,000	36,000
Less Deferred Amounts:					
Of Bond Discount	111,759	-	15,059	96,700	-
Total Bonds Payable	<u>\$ 5,448,241</u>	<u>\$ 360,000</u>	<u>\$ 709,941</u>	<u>\$ 5,098,300</u>	<u>\$ 326,000</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 8 - TRANSFERS**

The following is a summary of transfers between funds:

	General	Debt Service	TIF	Nonmajor Governmental	Community Betterment	Sewer	Water	Nonmajor Enterprise	Total Transfer Out
General	\$ -	\$ -	\$ -	\$ 58,566	\$ -	\$ -	\$ -	\$ 34,881	\$ 93,447
Road Use Tax	470,000	-	-	-	-	-	-	-	470,000
Local Option Sales Tax	138,500	90,175	-	230,000	182,000	-	-	71,670	712,345
TIF	705,750	1,027,823	-	979,913	-	1,730,494	1,124,836	-	5,568,816
Joint Urban Renewal	-	-	-	-	272,500	-	-	-	272,500
Community Betterment	141,500	251,758	593,493	1,032,378	-	-	-	-	2,019,129
Nonmajor Governmental	-	-	-	654,993	-	-	-	-	654,993
Sewer	234,995	-	-	-	-	-	-	-	234,995
Water	234,995	-	-	-	-	-	-	-	234,995
Nonmajor Enterprise	91,128	-	-	90,000	-	-	-	-	181,128
Transfers In	\$2,016,868	\$1,369,756	\$593,493	\$ 3,045,850	\$454,500	\$1,730,494	\$1,124,836	\$ 106,551	\$10,442,348

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.
3. To use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 9- PENSION AND RETIREMENT**

**Iowa Public Employees Retirement System** - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute plan to members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of annual covered payroll except for, fire employees, in which case, the percentages are 5.63% and 8.45%, respectively, and law employees who are covered by another plan. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$160,331 \$152,271, and \$144,483, respectively, equal to the required contributions for each year.

CITY OF LE MARS, IOWA  
Notes to Financial Statements  
June 30, 2009

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**Note 9- PENSION AND RETIREMENT – (Continued)**

**Municipal Fire and Police Retirement System of Iowa** – The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI) which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees appointed by the State of Iowa. MFPRSI provides retirement and death benefits which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104<sup>th</sup> Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's FY 2009 contribution rate cannot be less than 18.75% of earnable compensation. Contribution requirements are established by State statute. The City's contribution to MFPRSI for the years ended June 30, 2009, 2008 and 2007 were \$153,451, \$200,703, and \$211,015, respectively, which met the required minimum contribution for each year.

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* during the year ended June 30, 2009.

**Plan Description.** The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 55 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is a partially self-funded medical plan, administered by Avera Health. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

**Funding Policy.** The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – (Continued)**

Annual required contribution	\$ 27,226
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	27,226
Contributions made	(11,711)
Increase in net OPEB obligation	15,515
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 15,515</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the City contributed \$766,775 to the medical plan.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 27,226	43%	\$ 15,515

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$27,226, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$15,515. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,770,000 and the ratio of the UAAL to covered payroll was .56%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – (Continued)**

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the 2004 United States Life Tables. Based on the assumption that retirees were assumed to participate in the insurance until their sick leave account was exhausted. At that time continued participation was assumed to be 10% and 0% for active employees that are currently waiving coverage.

Projected claim costs of the medical plan are \$9,999 and \$10,744 annually for retirees and spouses, respectively, less than age 65. The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**Note 11- MAJOR CUSTOMER**

During the year ended June 30, 2009, charges for services provided by the sewer utility of the City to Wells' Dairy, Inc. was \$1,080,877 and to Dean's Food's, Inc. was \$335,364. This represents 49% and 15%, respectively, of total sewer charges for service. Charges for services provided by the water utility of the City to Wells' Dairy, Inc. was \$378,181 which represents 26% of total water charges for services.

**Note 12- RESERVES**

The following schedule reflects all reservations of fund balances as presented in the fund level statements:

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

**Note 12- RESERVES - (Continued)**

	Long- Term Notes	Endowments Tree Farm	Perpetual Care	Debt Service	Assets Held for Resale	Prepaid Items	Inventories	Total
General Fund	\$ 120,000	\$ -	\$ -	\$ -	\$ 205,571	\$ -	\$ -	\$ 325,571
Special Revenue								
Road Use Tax	-	-	-	-	-	-	50,557	50,557
Local Option Sales Tax	-	-	-	-	-	211,000	-	211,000
Tree Farm	-	23,380	-	-	-	-	-	23,380
Capital Projects								
Industrial Park	313,720	-	-	-	-	-	-	313,720
Joint Urban Renewal	623,496	-	-	-	-	-	34,072	657,568
Permanent Fund								
Cemetery Perpetual Care	-	-	138,907	-	-	-	-	138,907
Debt Service	-	-	-	969,631	-	-	-	969,631
<b>Total Reserves of Fund Balances</b>	<b>\$1,057,216</b>	<b>\$ 23,380</b>	<b>\$ 138,907</b>	<b>\$ 969,631</b>	<b>\$ 205,571</b>	<b>\$ 211,000</b>	<b>\$ 84,629</b>	<b>\$2,690,334</b>

**Note 13 - DEFICIT FUND EQUITY**

The City has eleven funds with deficit equity balances at June 30, 2009. The City intends to finance these deficits from various resources including; general funds, special assessments, water fund reserves, and capital project debt financing.

The individual fund deficits were as follows:

Special Revenue – Unemployment .....	\$ 2,416
Special Revenue – Westmar University TIF .....	857,233
Capital Project – Community Betterment.....	904,625
Capital Project – Industrial Park.....	270,475
Capital Project – 1997 Storm Sewer Drainage Imp .....	465,148
Capital Project – 2003 STP FHWA Projects.....	169,111
Capital Project – Business Park .....	2,500
Capital Project – TIF Capital Projects .....	25,574
Capital Project – Recreation Trail Improvements .....	160,272

**Note 14- RISK MANAGEMENT**

Medical Insurance – As of July 1, 2001, the City began using a partially self-funded medical insurance program accounted for in an internal service fund. Costs of the program include medical benefits, administration fees and premiums for stop-loss coverage with limits of \$40,000 per covered employee per year. Settled claims resulting from these or any other of the following risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 14-      RISK MANAGEMENT- (Continued)**

Claims payable and estimated claims incurred but not reported are recorded as liabilities of the Internal Service Fund.

	<b>2008</b>	<b>2009</b>
Unpaid claims, beginning of fiscal year	\$ 85,630	\$ 79,303
Incurred claims (including IBNR's)	522,362	584,129
Claim payments	(528,689)	(576,897)
Unpaid claims, end of fiscal year	<u>\$ 79,303</u>	<u>\$ 86,535</u>

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 620 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2009 were \$102,752.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$200,000 per claim. Claims exceeding \$200,000 are reinsured in an amount not to exceed \$2,000,000 per claim and \$7,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$7,000,000, such excess coverage is also reinsured. Automobile and property physical damage risks are retained by the Pool, up to \$100,000 each accident, each location, with excess coverage reinsured on an individual-member basis. All property risks are also reinsured on an individual-member basis.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 14-      RISK MANAGEMENT – (Continued)**

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the City's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution, which the withdrawing member would have made for the one-year period following withdrawal.

The City also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

**Note 15-      COMMITMENTS**

During the year ended June 30, 2009, the City had entered into several construction contracts totaling approximately \$4,212,102 of which approximately \$2,430,703 has been expended to date. The remaining balance of \$1,781,399 will be paid as work progresses.

During the year ended June 30, 2002, the City entered into a 28E Agreement with Plymouth County and surrounding communities to contribute funds for the construction of a County jail from local option sales tax proceeds. The City of Le Mars has agreed to contribute a total of \$2,166,101 through November 2016. As of June 30, 2009, the City has made payments totaling \$1,020,407.

**Note 16 -      JOINT VENTURE**

The City of Le Mars has joined with Northwest Rural Electric Cooperative and Long Lines, Ltd. to form Le Mars Communications, LLP, which will provide high-tech telecommunications services to commercial and residential customers in the City of Le Mars and the area immediately surrounding Le Mars. Le Mars Communications, LLP will be establishing a telecommunications system that will

initially provide telephone, internet, and high-speed data transmission service to customers in the community. The City owns a 33 percent share of the venture. Summary financial information of the joint venture for the year ended December 31, 2008 follows:

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 16 -     JOINT VENTURE (Continued)**

	<u>Total</u>
Assets .....	<u>\$   592,077</u>
Liabilities .....	20,863
Equity .....	<u>57,214</u>
	<u>592,077</u>
Revenues .....	389,627
Expenses.....	<u>412,072</u>
Net Decrease in Equity.....	<u>\$   (22,445)</u>

Separately issued financial statements for Le Mars Communications can be obtained from their offices. The joint venture is recorded on the equity method in the governmental activities.

City's Share of Joint Venture at June 30, 2009:

Assets.....	33%
Equity .....	33%
Liabilities.....	33%

**Note 17 -     CONDUIT DEBT OBLIGATIONS**

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2002, Industrial Development Revenue Bonds outstanding had an original issue amount of \$1,850,000. The outstanding balance at June 30, 2009 was \$1,850,000.

**Note 18 -     NOTES RECEIVABLE**

In January 2000, the City sold 75.87 acres in the Killeas Industrial Park to the Le Mars Business Initiative Corporation (LBIC) for \$8,000 per acre. In addition, the City and the LBIC have entered into a development agreement for which the City pays all costs to develop this property. The LBIC plans to market the land to prospective businesses. As each lot is sold by the LBIC, the net purchase price will be immediately payable to the City of Le Mars until such time as all costs associated with this project have been repaid. The note receivable as of June 30, 2009 is \$313,720.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2009**

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**Note 18 -     NOTES RECEIVABLE (Continued)**

In August 2004, the City loaned the LBIC \$110,000 which was then passed along to Prime Living Apartments as an Economic Development Loan. The loan is a 20 year 1% loan with interest payments due annually beginning December 31, 2005 and the principal due in a one time balloon payment on or before December 31, 2025.

Beginning in FY 2006 the City to date has contributed \$525,000 to the LBIC, for the acquisition of the Winter's feedlot property to initiate development near the Well's Dairy Corporate Campus. Plymouth County also contributed in equal amounts to this project. These amounts will be repaid as funds are available from the sales of any of the property. In addition the City in FY 2009 and FY 2008 incurred \$4,585 and \$93,911, respectively, of expenditures related to the clean up and restoration of the Winter's/Crescent Ridge Property. The City will be reimbursed for these costs as funds are available from the sale of the property after the full amounts of the original contributions are repaid to the City and County.

In April 2006 the City made an economic development loan to Harker's Distribution, Inc. The loan was for \$500,000 and accrues interest at 4.25% with monthly payments commencing on October 21, 2007, and continuing through March 21, 2010. At June 30, 2008 the note balance was \$350,005. In November 2008, the City negotiated a partial mortgage release on the facility to facilitate the sale of a portion of the property for a new business. At that time the City was paid \$60,000 in addition to the monthly payments received from June 30, 2008 to that point. In February 2009, a final release of the mortgage was negotiated and a final settlement of the loan was reached. This was done to facilitate the sale of the remaining property. As a result of this settlement Harker's Inc. paid \$108,000 of the remaining loan balance of \$223,342.

**Note 19-     PLEDGES RECEIVABLE**

The City received pledges from individuals and businesses to finance several community betterment projects. The pledges are to be paid over a ten-year period. The receivable at June 30, 2009 is recorded net of an allowance for uncollectible amounts of \$98,485 in the government-wide financial statements. In the fund level statements, the receivable, net of allowance for uncollectible amounts of \$29,453, is recorded in the Community Betterment Fund with a deferred revenue for the proceeds to be received after one year.

**CITY OF LE MARS, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) -**

**Governmental Funds and Proprietary Funds**

**REQUIRED SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2009**

	Governmental Fund Type Actual	Proprietary Funds Actual	Floyd Valley Hospital
Revenue:			
Taxes	\$ 3,917,516	\$ -	\$ -
Tax Increment Financing	3,865,488	-	-
Other Tax	922,449	-	-
Licenses and Permits	124,346	-	-
Use of Money and Property	230,987	127,102	-
Intergovernmental	1,340,646	20,000	-
Charges for Services	806,596	4,870,903	23,377,364
Miscellaneous	978,281	47,098	461,140
Total Revenue	<u>12,186,309</u>	<u>5,065,103</u>	<u>23,838,504</u>
Expenditures:			
Public Safety	2,009,783	-	-
Public Works	836,600	-	-
Culture and Recreation	1,451,856	-	-
Community and Economic Development	404,783	-	-
General Government	1,185,299	-	-
Capital Projects	2,257,687	-	-
Debt Service	1,693,658	-	-
Business Type Activities	-	4,565,347	25,310,082
Total Expenditures	<u>9,839,666</u>	<u>4,565,347</u>	<u>25,310,082</u>
Excess (deficiency) of revenues over expenditures	2,346,643	499,756	(1,471,578)
Other financing sources net:			
Proceeds from Debt Financing	-	-	360,000
Sale of Assets	-	-	26,053
Interfund Transfers In	7,834,984	5,830,578	-
Interfund Transfers Out	(10,054,196)	(3,611,366)	-
Total other financing sources net	<u>(2,219,212)</u>	<u>2,219,212</u>	<u>386,053</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	127,431	2,718,968	(1,085,525)
Fund balances - beginning of year	885,969	963,473	9,933,041
Fund balances - end of year	<u>\$ 1,013,400</u>	<u>\$ 3,682,441</u>	<u>\$ 8,847,516</u>

Total Actual	Budgeted Amounts		Final Budget Favorable (Unfavorable)
	Original	Final	
\$ 3,917,516	\$ 3,628,095	\$ 3,628,095	\$ (289,421)
3,865,488	3,464,035	3,464,035	(401,453)
922,449	1,261,359	1,261,359	338,910
124,346	80,000	80,000	(44,346)
358,089	210,800	210,800	(147,289)
1,360,646	863,894	863,894	(496,752)
29,054,863	32,522,500	32,547,500	3,492,637
1,486,519	612,726	647,726	(838,793)
<u>41,089,916</u>	<u>42,643,409</u>	<u>42,703,409</u>	<u>1,613,493</u>
2,009,783	1,993,666	2,040,666	30,883
836,600	839,569	866,619	30,019
1,451,856	1,356,904	1,538,904	87,048
404,783	576,542	576,542	171,759
1,185,299	1,215,414	1,215,414	30,115
2,257,687	3,380,007	3,380,007	1,122,320
1,693,658	1,733,289	1,733,289	39,631
29,875,429	30,671,451	30,810,521	935,092
<u>39,715,095</u>	<u>41,766,842</u>	<u>42,161,962</u>	<u>2,446,867</u>
1,374,821	876,567	541,447	833,374
360,000	-	-	360,000
26,053	-	-	26,053
13,665,562	6,733,796	6,733,796	6,931,766
(13,665,562)	(6,733,796)	(6,733,796)	(6,931,766)
<u>386,053</u>	<u>-</u>	<u>-</u>	<u>386,053</u>
1,760,874	876,567	541,447	1,219,427
11,782,483	11,782,483	11,782,483	-
<u>\$ 13,543,357</u>	<u>\$ 12,659,050</u>	<u>\$ 12,323,930</u>	<u>\$ 1,219,427</u>

**CITY OF LE MARS, IOWA**  
**BUDGET TO GAAP RECONCILIATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2009**

	<b>Governmental Funds</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 12,186,309	\$ (574,479)	\$ 11,611,830
Expenditures	9,839,666	622,734	10,462,400
Net	2,346,643	(1,197,213)	1,149,430
Other Financing Sources, net	(2,219,212)	32,510	(2,186,702)
Beginning Fund Balance	885,969	2,705,064	3,591,033
Ending Fund Balance	<u>\$ 1,013,400</u>	<u>\$ 1,540,361</u>	<u>\$ 2,553,761</u>

	<b>Enterprise Funds</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Accrual Basis</b>
Revenues	\$ 5,065,103	\$ (15,328)	\$ 5,049,775
Expenses	4,565,347	718,623	5,283,970
Net	499,756	(733,951)	(234,195)
Other Financing Sources, net	2,219,212	513,212	2,732,424
Beginning Net Assets	963,473	19,365,389	20,328,862
Ending Net Assets	<u>\$ 3,682,441</u>	<u>\$ 19,144,650</u>	<u>\$ 22,827,091</u>

	<b>Component Unit</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Accrual Basis</b>
Revenues	\$ 23,838,504	\$ 213,615	\$ 24,052,119
Expenses	25,310,082	(2,205,139)	23,104,943
Net	(1,471,578)	2,418,754	947,176
Other Financing Sources, net	386,053	(386,053)	-
Beginning Net Assets	9,933,041	7,331,165	17,264,206
Ending Net Assets	<u>\$ 8,847,516</u>	<u>\$ 9,363,866</u>	<u>\$ 18,211,382</u>

**CITY OF LE MARS**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2009**

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The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds and the Internal Service Funds, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$395,120. The budget amendment is reflected in the final budgeted amounts.

During the fiscal year ended June 30, 2009, disbursements did not exceed the amounts budgeted.

CITY OF LE MARS, IOWA  
Schedule of Funding Progress for the  
Retiree Health Plan

Required Supplementary Information						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	-	\$ 15,515	\$ 15,515	0.00%	\$2,770,000	0.56%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

**CITY OF LE MARS, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2009**

	Special Revenue Funds			
	Westmar University TIF	CDBG Home Fund	CDBG Land Fund	Hospital TIF
<b>Assets</b>				
Cash and Pooled Investments	\$ -	\$ 53,048	\$ 70,355	\$ -
Investments	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	180	-	-	-
Subsequent Year Taxes	289,062	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
<b>Total Assets</b>	<u>289,242</u>	<u>53,048</u>	<u>70,355</u>	<u>-</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	1,546	-	-	-
Due to Other Funds	855,867	-	-	-
Deferred Revenue	-	-	-	-
Deferred Revenue - Subsequent Year Taxes	289,062	-	-	-
<b>Total Liabilities</b>	<u>1,146,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Reserved for:				
Perpetual Care	-	-	-	-
Tree Farm	-	-	-	-
Long-term Notes	-	-	-	-
Unreserved	(857,233)	53,048	70,355	-
<b>Total Fund Balances (Deficits)</b>	<u>(857,233)</u>	<u>53,048</u>	<u>70,355</u>	<u>-</u>
<b>Total Liabilities and Equity</b>	<u>\$ 289,242</u>	<u>\$ 53,048</u>	<u>\$ 70,355</u>	<u>\$ -</u>

Special Revenue Funds				
Housing Review Board	Police Pension Fund	Unemploy- ment	Special Law Enforcement	Tree Farm
\$ 1,453	\$ 3,276	\$ 2,785	\$ 5,280	\$ 23,380
-	-	-	-	-
-	-	-	-	-
-	2,680	407	-	-
-	144,525	21,968	-	-
-	-	-	-	-
-	-	-	-	-
1,453	150,481	25,160	5,280	23,380
-	-	5,589	-	-
-	-	-	-	-
-	123	19	-	-
-	144,525	21,968	-	-
-	144,648	27,576	-	-
-	-	-	-	-
-	-	-	-	23,380
-	-	-	-	-
1,453	5,833	(2,416)	5,280	-
1,453	5,833	(2,416)	5,280	23,380
\$ 1,453	\$ 150,481	\$ 25,160	\$ 5,280	\$ 23,380

(continued)

**CITY OF LE MARS, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2009**

<b>Capital Project Funds</b>			
	<b>24th St. SE Infrastructure</b>	<b>Industrial Park</b>	<b>CWC Renovation Project</b>
<b>Assets</b>			
Cash and Pooled Investments	\$ 5,895	\$ -	\$ -
Investments	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			-
Accounts	-	1,750	-
Taxes	-	-	-
Subsequent Year Taxes	-	-	-
Notes Receivable	-	313,720	-
Due from Other Governmental Agencies	-	22,596	-
<b>Total Assets</b>	<b>5,895</b>	<b>338,066</b>	<b>-</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	-	528,137	-
Due to Other Funds	-	80,404	-
Deferred Revenue	-	-	-
Deferred Revenue - Subsequent Year Taxes	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>608,541</b>	<b>-</b>
<b>Fund Balances:</b>			
Reserved for:			
Perpetual Care	-	-	-
Tree Farm	-	-	-
Long-term Notes	-	313,720	-
Unreserved	5,895	(584,195)	-
<b>Total Fund Balances</b>	<b>5,895</b>	<b>(270,475)</b>	<b>-</b>
<b>Total Liabilities and Equity</b>	<b>\$ 5,895</b>	<b>\$ 338,066</b>	<b>\$ -</b>

Capital Project Funds				
Recreation Trail Improvements	Airport Runway Extension	2006 Street Construction	Two Rivers Development	Public Safety Building Improvement
\$ -	\$ 29,112	\$ 162,178	\$ 104,975	\$ 3,767
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	285,783	-	-	-
-	314,895	162,178	104,975	3,767
49,548	1,331	-	-	-
110,724	-	-	-	-
-	-	-	-	-
-	-	-	-	-
160,272	1,331	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(160,272)	313,564	162,178	104,975	3,767
(160,272)	313,564	162,178	104,975	3,767
\$ -	\$ 314,895	\$ 162,178	\$ 104,975	\$ 3,767

(continued)

**CITY OF LE MARS, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**JUNE 30, 2009**

	Capital Project Funds			
	TIF Capital Projects	2003 STP-FHWA Projects	Business Park	Storm Sewer Drainage Imp.
<b>Assets</b>				
Cash and Pooled Investments	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	252,469	-	-
<b>Total Assets</b>	-	252,469	-	-
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	25,574	190,266	-	153,525
Due to Other Funds	-	231,314	2,500	311,623
Deferred Revenue	-	-	-	-
Deferred Revenue - Subsequent Year Taxes	-	-	-	-
<b>Total Liabilities</b>	25,574	421,580	2,500	465,148
<b>Fund Balances:</b>				
Reserved for:				
Perpetual Care	-	-	-	-
Tree Farm	-	-	-	-
Long-term Notes	-	-	-	-
Unreserved	(25,574)	(169,111)	(2,500)	(465,148)
<b>Total Fund Balances</b>	(25,574)	(169,111)	(2,500)	(465,148)
<b>Total Liabilities and Equity</b>	\$ -	\$ 252,469	\$ -	\$ -

Capital Project Funds		Permanent Fund		Total
Mahogany Avenue Project	US 75 Intersections	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds	
\$ -	\$ -	\$ 1,932	\$ 467,436	
-	-	136,975	136,975	
-	-	-	1,750	
-	-	-	3,267	
-	-	-	455,555	
-	-	-	313,720	
-	-	-	560,848	
-	-	138,907	1,939,551	
-	-	-	955,516	
-	-	-	1,592,432	
-	-	-	142	
-	-	-	455,555	
-	-	-	3,003,645	
-	-	138,907	138,907	
-	-	-	23,380	
-	-	-	313,720	
-	-	-	(1,540,101)	
-	-	138,907	(1,064,094)	
\$ -	\$ -	\$ 138,907	\$ 1,939,551	

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2009**

	Special Revenue Funds			
	Westmar University TIF	CDBG Home Fund	CDBG Land Fund	Hospital TIF
Revenue:				
Taxes	\$ 256,498	\$ -	\$ -	\$ 141,493
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Refunds/Reimbursements	2,241	3,875	3,875	-
Rental Income	-	-	-	-
Interest	-	907	1,222	-
Miscellaneous	-	-	-	-
Total Revenue	258,739	4,782	5,097	141,493
Expenditures:				
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	24,572	-	-	-
General Government	-	-	-	-
Capital Projects	1,040	-	-	-
Debt Service	-	-	-	-
Total Expenditures	25,612	-	-	-
Excess (deficiency) of revenues over expenditures	233,127	4,782	5,097	141,493
Other financing sources (uses):				
Proceeds from Sale of Assets	42,310	-	-	-
Transfers In	39,000	-	-	-
Transfers Out	(19,000)	-	-	(141,493)
Total other financing sources (uses)	62,310	-	-	(141,493)
Net Change in Fund Balance	295,437	4,782	5,097	-
Fund balances (deficits) -beginning of year	(1,152,670)	48,266	65,258	-
Fund balances (deficits) - end of year	\$ (857,233)	\$ 53,048	\$ 70,355	\$ -

Special Revenue Funds					
Housing Review Board	Police Pension Fund	Unemploy- ment	Special Law Enforcement	Tree Farm	
\$ -	\$ 149,084	\$ 19,933	\$ -	\$ -	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	2,000	
-	-	-	-	-	
-	-	-	21	-	
-	-	-	47	-	
-	149,084	19,933	68	2,000	
-	153,588	-	-	-	
-	-	-	-	6,852	
-	-	-	-	-	
-	-	21,933	-	-	
6	-	-	-	-	
-	-	-	-	-	
6	153,588	21,933	-	6,852	
(6)	(4,504)	(2,000)	68	(4,852)	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
(6)	(4,504)	(2,000)	68	(4,852)	
1,459	10,337	(416)	5,212	28,232	
\$ 1,453	\$ 5,833	\$ (2,416)	\$ 5,280	\$ 23,380	

(continued)

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2009**

	Capital Project Funds		
	24th St. SE Infrastructure	Industrial Park	CWC Renovation Project
Revenue:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	8,980	-	-
Rental Income	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	8,980	-	-
Expenditures:			
Public Safety	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	-	-	-
General Government	-	-	-
Capital Projects	12,938	811,091	-
Debt Service	-	-	-
Total Expenditures	12,938	811,091	-
Excess (deficiency) of revenues over expenditures	(3,958)	(811,091)	-
Other financing sources (uses):			
Proceeds from Sale Assets	-	1,750	-
Transfers In	-	754,296	1,687,371
Transfers Out	-	(42,500)	-
Total other financing sources (uses)	-	713,546	1,687,371
Net Change in Fund Balance	(3,958)	(97,545)	1,687,371
Fund balances (deficits) -beginning of year	9,853	(172,930)	(1,687,371)
Fund balances (deficits) - end of year	\$ 5,895	\$ (270,475)	\$ -

Capital Project Funds				
Recreation Trail Improvements	Airport Runway Extension	2006 Street Construction	Two Rivers Development	Public Safety Building Improvement
\$ -	\$ -	\$ -	\$ -	\$ -
-	28,331	-	-	-
-	-	-	-	-
-	-	-	-	293
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	28,331	-	-	293
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
162,926	3,576	650	-	142,063
-	-	-	-	-
162,926	3,576	650	-	142,063
(162,926)	24,755	(650)	-	(141,770)
-	-	-	-	700
-	-	-	-	230,000
-	(452,000)	-	-	-
-	(452,000)	-	-	230,700
(162,926)	(427,245)	(650)	-	88,930
2,654	740,809	162,828	104,975	(85,163)
\$ (160,272)	\$ 313,564	\$ 162,178	\$ 104,975	\$ 3,767

(continued)

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2009**

	Capital Project Funds			
	TIF Capital Projects	2003 STP-FHWA Projects	Business Park	Storm Sewer Drainage Imp.
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	149,562	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Refunds/Reimbursements	-	-	-	-
Rental Income	2,880	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	2,880	149,562	-	-
Expenditures:				
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	-	-
General Government	-	-	-	-
Capital Projects	99,164	512,443	601	316,217
Debt Service	19,000	-	102,958	-
Total Expenditures	118,164	512,443	103,559	316,217
Excess (deficiency) of revenues over expenditures	(115,284)	(362,881)	(103,559)	(316,217)
Other financing sources (uses):				
Proceeds from Sale Assets	-	-	-	-
Transfers In	91,281	-	134,336	90,000
Transfers Out	-	-	-	-
Total other financing sources (uses)	91,281	-	134,336	90,000
Net Change in Fund Balance	(24,003)	(362,881)	30,777	(226,217)
Fund balances (deficits) -beginning of year	(1,571)	193,770	(33,277)	(238,931)
Fund balances (deficits) - end of year	\$ (25,574)	\$ (169,111)	\$ (2,500)	\$ (465,148)

Capital Project Funds		Permanent Fund	Total
Mahogany Avenue Project	US 75 Intersections	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ 567,008
-	170,000	-	347,893
-	-	1,428	1,428
-	-	-	2,293
-	-	-	18,971
-	-	-	2,880
-	-	-	2,150
-	-	-	47
-	170,000	1,428	942,670
-	-	-	153,588
-	-	-	6,852
-	-	-	24,572
-	-	-	21,933
-	-	-	2,062,715
-	-	-	121,958
-	-	-	2,391,618
-	170,000	1,428	(1,448,948)
-	-	-	44,760
19,566	-	-	3,045,850
-	-	-	(654,993)
19,566	-	-	2,435,617
19,566	170,000	1,428	986,669
(19,566)	(170,000)	137,479	(2,050,763)
\$ -	\$ -	\$ 138,907	\$ (1,064,094)

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF NET ASSETS**  
Enterprise Nonmajor Funds  
JUNE 30, 2009

	Business Type Activities			
	Golf Course	Solid Waste	Storm Sewer	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 69,457	\$ 273,274	\$ 11,277	\$ 354,008
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	887	27,264	4,246	32,397
Estimated Unbilled Usage	-	25,135	4,817	29,952
Prepaid Assets	1,631	-	-	1,631
Total Current Assets	71,975	325,673	20,340	417,988
Noncurrent Assets:				
Land	290,538	-	-	290,538
Construction in Progress	-	-	293,497	293,497
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	2,783,139	137,341	182,494	3,102,974
Total Noncurrent Assets	3,073,677	137,341	475,991	3,687,009
<b>Total Assets</b>	<b>3,145,652</b>	<b>463,014</b>	<b>496,331</b>	<b>4,104,997</b>
<b>LIABILITIES</b>				
Accounts Payable	17,158	22,905	155	40,218
Unearned Revenue	21,750	-	-	21,750
Total Current Liabilities	38,908	22,905	155	61,968
<b>Total Liabilities</b>	<b>38,908</b>	<b>22,905</b>	<b>155</b>	<b>61,968</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	3,073,677	137,341	475,991	3,687,009
Restricted for:				
Unrestricted	33,067	302,768	20,185	356,020
<b>Total Net Assets</b>	<b>\$ 3,106,744</b>	<b>\$ 440,109</b>	<b>\$ 496,176</b>	<b>\$ 4,043,029</b>

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Enterprise Nonmajor Funds**  
**For the Year Ended June 30, 2009**

	<b>Business Type Activities</b>			
	<b>Golf Couse</b>	<b>Solid Waste</b>	<b>Storm Sewer</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Charges for Services	\$ 309,658	\$ 669,603	\$ 94,769	\$ 1,074,030
<b>Total Operating Revenue</b>	<b>309,658</b>	<b>669,603</b>	<b>94,769</b>	<b>1,074,030</b>
<b>Operating Expenses:</b>				
Contract Services	184,038	516,440	-	700,478
Supplies	77,821	-	-	77,821
Repairs and Improvements	10,570	-	-	10,570
Utilities	12,812	-	-	12,812
Miscellaneous	4,397	-	-	4,397
Depreciation	106,397	23,597	6,050	136,044
<b>Total Operating Expenses</b>	<b>396,035</b>	<b>540,037</b>	<b>6,050</b>	<b>942,122</b>
<b>Operating Income (Loss)</b>	<b>(86,377)</b>	<b>129,566</b>	<b>88,719</b>	<b>131,908</b>
<b>Non-Operating Income:</b>				
Refunds and Reimbursements	79	851	-	930
Sale of Uncapitalized Assets	2,965	-	-	2,965
Loss on Disposal of Capital Assets	(11,291)	-	-	(11,291)
Revenue from Use of Property	25,793	-	-	25,793
Intergovernmental Revenue	-	20,000	-	20,000
<b>Total Non-Operating Income</b>	<b>17,546</b>	<b>20,851</b>	<b>-</b>	<b>38,397</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>(68,831)</b>	<b>150,417</b>	<b>88,719</b>	<b>170,305</b>
<b>Contributed Capital</b>	<b>8,000</b>	<b>-</b>	<b>313,321</b>	<b>321,321</b>
<b>Transfers In</b>	<b>106,551</b>	<b>-</b>	<b>-</b>	<b>106,551</b>
<b>Transfers (Out)</b>	<b>(30,128)</b>	<b>(61,000)</b>	<b>(90,000)</b>	<b>(181,128)</b>
<b>Change in Net Assets</b>	<b>15,592</b>	<b>89,417</b>	<b>312,040</b>	<b>417,049</b>
<b>Net Assets - Beginning</b>	<b>3,091,152</b>	<b>350,692</b>	<b>184,136</b>	<b>3,625,980</b>
<b>Net Assets - Ending</b>	<b>\$ 3,106,744</b>	<b>\$ 440,109</b>	<b>\$ 496,176</b>	<b>\$ 4,043,029</b>

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Enterprise Nonmajor Funds**  
**For the Year Ended June 30, 2009**

	Business Type Activities			
	Golf Course	Solid Waste	Storm Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 331,932	\$ 668,304	\$ 94,622	\$ 1,094,858
Cash Paid to Suppliers for Goods and Services	(287,169)	(516,398)	-	(803,567)
Other Nonoperating Income	25,872	20,851	155	46,878
Net Cash Provided by Operating Activities	70,635	172,757	94,777	338,169
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	(114,459)	(39,911)	-	(154,370)
Proceeds from the Sale of Assets	19,747	-	-	19,747
Net Cash (Used) for Capital and Related Financing Activities	(94,712)	(39,911)	-	(134,623)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Transfers From (To) Other Funds	76,423	(61,000)	(90,000)	(74,577)
Net Cash Provided (Used) for Non-Capital Financing Activities	76,423	(61,000)	(90,000)	(74,577)
Net Increase in Cash and Cash Equivalents	52,346	71,846	4,777	128,969
Cash and Cash Equivalents at Beginning of Year	17,111	201,428	6,500	225,039
Cash and Cash Equivalents at End of Year	\$ 69,457	\$ 273,274	\$ 11,277	\$ 354,008
 Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Net Operating Income (Loss)	\$ (86,377)	\$ 129,566	\$ 88,719	\$ 131,908
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	106,397	23,597	6,050	136,044
Miscellaneous Non-Operating Income	25,872	20,851	-	46,723
(Increase) Decrease in Assets:				
Accounts Receivable	524	(113)	229	640
Estimated Unbilled Usage	-	(1,186)	(376)	(1,562)
Prepaid Expenses	133	-	-	133
Deferred Revenue	21,750	-	-	21,750
Increase (Decrease) in Liabilities:				
Accounts Payable	2,336	42	155	2,533
Total Adjustments	157,012	43,191	6,058	206,261
Net Cash Provided (Used) by Operating Activities	\$ 70,635	\$ 172,757	\$ 94,777	\$ 338,169

CITY OF LE MARS, IOWA  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Agency Fund  
For the Year Ended June 30, 2009

	Balance			Balance
	July 1, 2008	Additions	Deductions	June 30, 2009
<b><u>FLEX</u></b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 9,616	\$ 47,415	\$ 47,440	\$ 9,591
Total Assets	9,616	47,415	47,440	9,591
<u>Liabilities</u>				
Accounts Payable	9,616	47,415	47,440	9,591
Total Liabilities	\$ 9,616	\$ 47,415	\$ 47,440	\$ 9,591

## CITY OF LE MARS, IOWA

TABLE I

## Principal Taxpayers

TAXPAYER	TYPE OF BUSINESS	ESTIMATED ACTUAL VALUE	PERCENTAGE OF TOTAL ESTIMATED ACTUAL VALUE
WELLS DAIRY, INC.	COMMERICAL DAIRY	\$48,979,366	7.88%
WD 2005 SPE LLC	WELL'S CORPORATE OFFICE	24,551,370	3.95%
MID AMERICAN ENERGY	UTILITY COMPANY	20,571,205	3.31%
NOR-AM COLD STORAGE INC.	COLD STORAGE FACILITY	14,638,907	2.36%
BODEANS BAKING COMPANY	COMMERCIAL BAKERY	7,632,320	1.23%
WAL-MART STORES INC.	DISCOUNT RETAIL STORE	7,370,260	1.19%
STEVE SCHUSTER	COMMERCIAL TRUCKING	4,580,175	0.74%
CCS REALTY CO. (CLOVERLEAF)	COLD STORAGE FACILITY	4,499,390	0.72%
ILP ONE MASTER, LLC (BEKINS)	COLD STORAGE FACILITY	4,390,200	0.71%
ROGER ATHENS	REAL ESTATE	4,230,457	0.68%
	TOTAL	141,443,650	22.76%
	ALL OTHERS	480,005,476	77.24%
		<u>\$ 621,449,126</u>	<u>100.00%</u>

TABLE II

## Computation of Legal Debt Margin

June 30, 2009

2008-09 ACTUAL VALUATION:	\$621,449,126	
LESS: MILITARY EXEMPTION	<u>(1,037,120)</u>	
	\$620,412,006	
DEBT LIMIT - 5% OF ESTIMATED ACTUAL VALUATION		\$31,020,600
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT		
GENERAL OBLIGATION DEBT	12,489,000	
URBAN RENEWAL REVENUE DEBT	600,000	
* OTHER DEBT	<u>17,974,000</u>	
	31,063,000	
LESS:		
* REVENUE BONDS/NOTES	<u>17,974,000</u>	
	13,089,000	
AMOUNT AVAILABLE FOR REPAYMENT OF GENERAL OBLIGATION DEBT	<u>969,631</u>	
TOTAL DEBT APPLICABLE TO DEBT LIMIT		<u>12,119,369</u>
LEGAL DEBT MARGIN		<u>\$18,901,231</u>

\*Includes Floyd Valley Hospital (Discrete Component Unit).

**CITY OF LE MARS, IOWA**  
**TABLE III**  
**Miscellaneous Statistics**  
**June 30, 2009**

Date of Incorporation	1881
Date City was Platted	1869
Form of Government	Mayor-Council
Population	9237
Term of Office:	
Mayor	2
Council Members	4
City Administrator	appointed by City Council
Number of Employees:	
Regular Full Time	55
Regular Part Time	5
Fire	21
Ambulance	19
Area in Square Miles	8.54
Miles of Streets	70
Percent of Streets Paved	99%
Number of Street Lights	774
Building Permits 2007-08	126
Total Building Permits Less	
Demolition and Moving	9
New Single and Multi-Family Dwellings	6
Municipal Water System:	
Number of Wells	6
Number of Fire Hydrants	600
Number of Customers	4,150
Storage Capacity (Gallons)	2,500,000
Average Daily Consumption (Gallons)	2,750,000
Peak Daily Consumption (Gallons)	5,150,000
Miles of Water Main	75
Sewer System:	
Miles of Sanitary Sewer	52
Miles of Storm Sewer	11
Number of Sanitary Sewer Customers	3,940
Average Daily Sewer Usage (Gallons)	2,077,000
Peak Load (Gallons)	3,389,000
Design Flow	4,256,000 @ 24,000 SUMMER / 18,000 WINTER
Number of Lift Stations	6
Number of Treatment Plants	1
Culture and Recreation:	
Number of Parks	14
Number of Libraries	1
Number of Volumes	34,967
Golf Courses (27 Holes)	1
Swimming Pools	2
Tennis Courts	7
Campgrounds	1
Softball/Baseball fields	11
Theatre	1
Art Center	1
Recreation Building	1
Fire Stations	2
Police Stations	1
Airports	1
Convention Center	1

**CITY OF LE MARS, IOWA**  
**Schedule of Findings**  
**Year Ended June 30, 2009**

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**Part I: Summary of the Independent Auditors' Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

**Part II: Findings Related to the Financial Statements:**

**Instances of Non-Compliance:**

No matters were noted.

**Significant Deficiencies:**

**II-A-09    Financial Reporting**

Observation - During the audit, we identified material amounts of receivables, payables and capital asset additions not identified by the City. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation - The City should implement procedures to ensure all receivables, payables, capital asset additions are identified and included in the City's financial statements.

Response - We will double check these in the future to avoid any missing receivables, payables, capital asset.

Conclusion - Response accepted.

**Part III: Other Findings Related to Statutory Reporting:**

- IV-A-09 - Certified Budget - Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted.
- IV-B-09 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- IV-C-09 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-09 - Business Transactions - Business transactions between the City and City officials and/or employees are detailed as follows:

**CITY OF LE MARS, IOWA**  
**Schedule of Findings**  
**Year Ended June 30, 2009**

**Part III: Other Findings Related to Statutory Reporting (Continued):**

<b><u>Name, Title and Business Connection</u></b>	<b><u>Transaction/Description</u></b>	<b><u>Amount</u></b>	
Greg Smidt, City of Le Mars, Police Officer	Labor, Material	\$1,305	(1)
Gus Pech Manufacturing Co., Inc., Cris Collins, President, spouse of employee	Supplies	\$3,534.43	(3)
Mother Nature Greenhouse, Owned by spouse of Employee, Gayle Sitzmann	Plants	\$46.96	(1)
Van's Sanitation, Scott Vander Sluis, Owner Spouse of City employee, Lisa Vander Sluis	Solid Waste Services	\$200,915.16	(2)
Professional Surveying Services, Dave Wilberding, Owner, Planning & Zoning Board Member	Surveying	\$107,297.28	(4)
Oak & Treasures, Dennis Bollin, Owner, Planning & Zoning Board Member	Appliances, Furniture	\$17.64	(1)
Ludwig, Bruce, Le Mars Broadband Telecomm. Mbr	Maintenance Contract	\$1,200.00	(1)
Motor Inn, Owned by Spouse of Ambulance Employee, Jolynn Ohm	Vehicle Repair	\$2,426.77	(3)
Ahrendsen, Steve, City of Le Mars Public Works Dept. Employee	Fire Department Earnings	\$810.00	(1)
Schwartz, Steve, City of Le Mars Public Works Dept. Employee	Fire Department Earnings	\$1,236.00	(1)
Kramer, Jeff, City of Le Mars Police Officer	Ambulance Dept. Earnings	\$2,998.01	(3)
Harms, Doug, City of Le Mars Public Works Dept. Employee	Fire Dept Earnings	\$691.50	(1)
R&R Enterprises Employee, Dale Reichle	Grave work	\$12,300	(3)

- (1) The transaction does not appear to represent a conflict of interest since the total transaction was less than \$1,500 during the year, per Chapter 362.5(10) of the code of Iowa.
- (2) Per Chapter 362.5 of the Code of Iowa this transaction does not represent a conflict of interest.
- (3) This transaction may represent a conflict of interest and the City should contact legal council for determination.
- (4) These transactions may represent a conflict of interest and the City should contact legal council for determination. Per City management it was noted that the City did utilize several other local and regional firms for surveying services.

IV-E-09 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-09 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

IV-G-09 - Revenue Bonds - No violations of revenue bond resolutions were noted.

CITY OF LE MARS, IOWA  
Schedule of Findings  
Year Ended June 30, 2009

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IV-H-09 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

**Part III: Other Findings Related to Statutory Reporting (Continued):**

IV-I-09 Perpetual Care Cemetery – It was noted that the City has not been filing the annual report for a perpetual care cemetery with the Insurance Commissioner.

Recommendation – The City needs to file the annual perpetual care cemetery report with the Insurance Commissioner within four months following the end of the cemetery fiscal year in accordance with Chapter 523I.813 of the Code of Iowa.

Response – We will ensure that the annual report is filed timely in the future.

Conclusion – Response accepted.

**CITY OF LE MARS, IOWA  
Schedule of Prior Year Findings  
Year Ended June 30, 2009**

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**III-A-08 Financial Reporting**

Observation - During the audit, we identified material amounts of receivables, payables and capital asset additions not recorded in the City's financial statements. Cash reclassifications were also identified. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all receivables, payables, capital asset additions and cash reclassifications are identified and included in the City's financial statements.

Response – We will double check these in the future to avoid any missing receivables, payables, capital asset or cash reclassification transactions.

Conclusion – Response accepted.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the City Council  
City of Le Mars, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF LE MARS, IOWA as of and for the year ended June 30, 2009, which collectively comprise the City of Le Mars, Iowa's basic financial statements and have issued our report thereon dated March 10, 2010. We did not audit the financial statements of Floyd Valley Municipal Hospital (a discretely presented component unit) which statements reflect total assets of \$26,159,341 and operating revenues of \$23,621,091 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on these financial statements, insofar as it relates to the amounts included for Floyd Valley Municipal Hospital, was based solely on the report of other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control over Financial Reporting:***

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above, item II-A-09 we believe to be a material weakness.

***Compliance and Other Matters:***

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
March 10, 2010